Australian Government
Registered Organisations Commission

23 June 2020

Peter Carter
Branch Secretary
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Electrical, Energy and Services Division - Western Australian Divisional Branch
Sent via email: peter@etuwa.com.au
CC: timothy@htgpartners.com.au

Dear Peter Carter,

Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Electrical, Energy and Services Division - Western Australian Divisional Branch
Financial Report for the year ended 31 December 2019 – (FR2019/342)

I acknowledge receipt of the financial report for the year ended 31 December 2019 for the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Electrical, Energy and Services Division - Western Australian Divisional Branch. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 5 June 2020.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 December 2020 may be subject to an advanced compliance review.

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

Nil activity disclosure

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the statement of profit and loss and other comprehensive income includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the body of the notes:

- Receive capitation fees from another reporting unit (Note 3A);
- Receive any other revenue from another reporting unit (Note 3A); and

- Receive revenue from undertaking recovery of wages activity (Note 3F).

Please note that nil activities only need to be disclosed once.

I also note that the notes contained nil activity information for all prescribed RG categories except the following:

- Have another entity administer the financial affairs of the reporting unit (RG 19).

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the reporting guidelines.

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 RGs 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 RGs and Australian Accounting Standards. Access to this information is available via this link.

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely,

Kylie Ngo
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 2019

CONTENTS

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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 2019 the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2019, 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 respects, 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 2019, 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.

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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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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)

- 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 1st day of April 2020

s268 Fair Work (Registered Organisations) Act 2009

Certificate By Prescribed Designated Officer

Certificate for the year ended 31 December 2019

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 2019 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 2nd April 2020 and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 3RD June 2020 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

4th JUNE 2020
Date

Subsection 255(2A) Report

for the year ended 31 December 2019

The Committee of Management presents its expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2019.

Categories of expenditures	2019 $	2018 $
Remuneration and other employment-related costs and expenses - employees	1,623,205	1,617,260
Advertising	496	307
Operating costs (including impairment of assets)	1,313,226	1,115,837
Donations to political parties	50,100	-
Legal costs	92,757	85,951

Signature of designated officer: ....

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

Dated: 1 April 2020

Operating Report

for the year ended 31 December 2019

The Committee of Management presents its operating report on the Union for the year ended 31 December 2019.

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 $118,901 (2018: $393,363).

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 2019 (continued)

Number of members

The number of persons who, at the end of the financial year, were recorded on the Register of members was 5,397 (2018: 5,400).

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 9 (2018: 10.4).

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 2019:

Name	Title of officer
T. French	President (resigned 16/7/2019)
S. Taylor	Vice President (resigned 16/7/19)
S. Taylor	President (elected 16/7/2019)
D. Fowlie	Vice President (elected 13/8/2019)
P. Carter	Secretary
B. Reeve	Assistant Secretary/State Councillor (elected 16/7/2019)
J. Ellis	Affirmative Action (elected 16/7/2019)
D. Clancey	State Councillor
T. Hayes	State Councillor (resigned 6/2/2019)
R. Manhood	State Councillor
R. MacLachlan	State Councillor
C. Coombes	State Councillor
S. Nicholson	State Councillor (resigned 9/12/2019)
G. Taylor	State Councillor
D. Tyler	State Councillor (resigned 16/7/2019)
A. Woodage	State Councillor (resigned 16/7/2019)
J. Murie	State Councillor (resigned 16/7/2019)
A. Giddens	State Councillor
K. Rodrigues De Paula Gomes	State Councillor
A. Bamford	State Councillor (elected 16/7/2019)
R. De Graaf	State Councillor (elected 16/7/2019)
L. Elphinstone	State Councillor (elected 16/7/2019)
R. Flanagan	State Councillor (elected 16/7/2019)
T. French	State Councillor (elected 16/7/2019)
K. Mason	State Councillor (elected 16/7/2019)
R. Pendlebury	State Councillor (elected 16/7/2019)
J. Dellavanzo	State Councillor

Peter Carter
Name

Branch Secretary
Title

Signature

Date 4/6/20.

Committee of Management Statement

for the year ended 31 December 2019

On the 3 March 2020 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 2019*:

The Committee of Management declares that in its opinion:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with 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: 1 April 2020

Statement of Profit and Loss and Other Comprehensive Income

for the year ended 31 December 2019

	Note	2019 $	2018 $
Revenue			
Membership subscription		2,900,498	3,037,535
Capitation fees and other revenue from another reporting unit		-	-
Levies / (Refunds)	3B	246	(24,781)
Interest	3C	28,774	32,156
Other revenue	3D	161,922	155,535
Total revenue		**3,091,440**	**3,200,445**
Other income			
Profit on Sale of Assets		2,601	-
Grants or donations	3E	54,544	12,273
Revenue from recovery of wages activity	3F	-	-
Total other income		57,145	12,273
Total income		**3,148,585**	**3,212,718**
Expenses			
Employee expenses	4A	1,623,205	1,617,260
Capitation fees	4B	399,451	372,929
Affiliation fees	4C	65,554	84,342
Administration expenses	4D	369,075	335,540
Grants or donations	4E	60,874	8,371
Depreciation and amortisation	4F	73,774	75,010
Finance costs	4G	26,052	26,505
Legal costs	4H	92,869	85,951
Write-down and impairment of assets	4I	64,949	(38,384)
Net losses from sale of assets	4J	-	15,475
Audit fees	14	31,531	(12,928)
Other expenses		222,350	249,284
Total expenses		**3,029,684**	**2,819,355**
Surplus / (Deficit) for the year		**118,901**	**393,363**
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		**118,901**	**393,363**

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

Statement of Financial Position

As at 31 December 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	5A	535,727	234,336
Trade and other receivables	5B	312,470	230,764
Total current assets		**848,197**	**465,100**
Non-current assets			
Land and buildings	6A	1,397,348	356,073
Plant and equipment	6B	237,559	177,024
Other financial assets	6C	3,678,617	4,748,736
Total non-current assets		**5,313,524**	**5,281,833**
Total assets		**6,161,721**	**5,746,933**
LIABILITIES			
Current liabilities			
Trade payables	7A	801,126	550,176
Other payables	7B	80,698	73,224
Employee provisions	8A	317,924	314,388
Total current liabilities		**1,199,748**	**937,788**
Non-current liabilities			
Employee provisions	8A	-	32,201
Provision for hardship relief	9A	66,128	-
Other non-current liabilities	9B	-	-
Total non-current liabilities		**66,128**	**32,201**
Total liabilities		**1,265,876**	**969,989**
Net assets		**4,895,845**	**4,776,944**
EQUITY			
General funds	10A	-	-
Retained earnings		4,895,845	4,776,944
Total equity		**4,895,845**	**4,776,944**

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

Statement of Changes in Equity

for the year ended 31 December 2019

	Note	Retained earnings $	Total equity $
Balance as at 1 January 2018		**4,383,581**	**4,383,581**
Adjustment for changes in accounting policies		-	-
Surplus		393,363	393,363
Other comprehensive income		-	-
Transfer to/from funds	10A	-	-
Closing balance as 31 December 2018		**4,776,944**	**4,776,944**
Adjustment for errors		-	-
Adjustment for changes in accounting policies		-	-
Surplus		118,901	118,901
Other comprehensive income		-	-
Transfer to/from funds	10A	-	-
Closing balance as at 31 December 2019		**4,895,845**	**4,895,845**

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

Statement of Cash Flows

for the year ended 31 December 2019

	Note	2019	2018
		$	$
OPERATING ACTIVITIES			
Cash received			
Receipts from member contributions & levies		2,954,804	2,923,663
Interest		28,774	30,683
Receipt from other reporting units	11B	135,676	152,028
Other		65,475	34,803
Cash used			
Employees		(1,613,436)	(1,576,911)
Suppliers		(817,182)	(680,755)
Payments to other reporting entities	11B	(291,371)	(510,449)
Net cash from (used by) operating activities	**11A**	**462,740**	**373,062**
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		27,728	34,545
Proceeds from sale of land and buildings		-	-
Other		-	-
Cash used			
Purchase of plant and equipment		(148,651)	(159,097)
Purchase of land and buildings		(1,111,545)	-
Other		-	(330,299)
Net cash from (used by) investing activities		**(1,232,468)**	**(454,851)**
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Other		-	-
Cash used			
Repayment of borrowings		-	-
Other		1,071,119	-
Net cash from (used by) financing activities		**1,071,119**	**-**
Net (decrease)/increase in cash held		**301,391**	**(81,789)**
Cash and cash equivalents at the beginning of the reporting period		234,336	316,125
Cash and cash equivalents at the end of the reporting period	**5A**	**535,727**	**234,336**

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

Index to the Notes of the Financial Statements

Notes to the Financial Statements

for the year ended 31 December 2019

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 by members of the Committee of Management on the date of signing the Committee of Management Statement.

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 2019

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 51% (2018: 49%) 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 3.0% pa (2018: 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 year:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not-for-Profit Entities

Impact of adoption of AASB 9

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The reporting unit has not restated comparative information which continues to be reported under AASB 139. The classification and measurement requirements of AASB 9 did not have a significant impact to the reporting unit. There are no changes in classification and measurement for the reporting unit's non-current financial assets or financial liabilities.

The adoption of AASB 9 has fundamentally changes the reporting unit's accounting for impairment losses for financial assets by replacing AASB 139s incurred loss approach with a forward-looking Expected Credit Losses (ECL) approach. AASB 9 requires the reporting unit to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. Upon adoption of AASB 9 the reporting into did not result in an increase or decrease in impairment or retained earnings.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.4 New Australian Accounting Standards (continued)

Impact of adoption of AASB 15 and AASB 1058

The reporting unit has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 January 2019. The key changes to the reporting units accounting policies and the impact on the financial report from applying AASB 15 and AASB 1058 are described below.

The adoption of AASB 15 and AASB 1058 has resulted in no charge to the timing or recognition of prior year revenue items. Additional disclosure items have been made where relevant.

Impact of adoption of AASB 16

The reporting unit has elected to adopt AASB 16 using the modified retrospective (cumulative catch-up) method from 1 January from 2019 and therefore the comparative information has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

Nature of change in accounting policy from adoption of AASB 16

Under AASB 17, the company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the lessee or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except where an exemption election is used).

As at 1 January 2019 and during the year ended 31 December 2019, the reporting unit has no lease contracts. As a result, no right-of-use assets or lease liabilities have been brought to account.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.5 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.

The following amended standards and interpretations are not expected to have a significant impact on the reporting unit's financial statements:

- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its associate or joint venture
- AASB 2018-6 amend AASB 3 Definition of a Business
- AASB 2018-7 Definition of Material
- AASB 17 Insurance Contracts
- AASB 2019-1 Amendments to conceptual framework in IFRS Standards
- AASB 2019-2 amends AASB 16 Leases and AASB 1059 Service Concession arrangements for Grantors
- AASB 2019-3 amends AASB 7, 9 and 139 to modify some specific accounting requirements
- AASB 2019-4 amends AASB 1054 Australian Additional Disclosures
- AASB 2019-5 amends AASB 1054 by adding a disclosure requirement for an entity intending to comply with IFRS standards.

1.6 Revenue

Revenue recognition policy for 2019, under AASB 15 and AASB 1058

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the member.

Revenue is recognised by applying a five-step model as follows:

1 Identify the contract with the customer
2 Identify the performance obligations
3 Determine the transaction price
4 Allocate the transaction price
5 Recognise revenue

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.6 Revenue (continued)

Generally the timing of the payment of rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability. None of the revenue streams have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Membership subscription revenue

Membership subscription revenue is recognised over time which best reflects the transfer of control and the period in which the performance obligations is met.

Revenue from Sale of goods

Revenue from sales of goods comprises revenue earned from the sale of goods purchased for resale. Sales revenue is recognised when the control of goods passes to the customer which is at the time that the goods are physically transferred. None of the items sold have any warranty attached to them.

Donations

Donations collected are recognised as revenue when the reporting unit gains control of the asset. No amounts are included in the financial report for services donated by volunteers.

Revenue Recognition policy for 2018, under AASB18 Revenue and AASB1004 Contributions

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.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.7 Gains

Sale of assets

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

1.8 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.

1.9 Employee entitlements

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

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

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

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

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

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.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.10 Leases

Policy for 2019

At inception of a contract, the company assesses whether a lease exists – ie does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. This involves an assessment of whether:
The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset. The reporting unit has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use. The reporting unit has the right to direct the use of the asset. The reporting unit has elected not to separate non-lease components from lease components and to account for all leases as a single component. At the lease commencement, the reporting unit recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the reporting unit believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where the cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The right-of-use asset is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the reporting unit's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (eg CPI) or a change in the assessment of the lease term.
Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The reporting unit has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the reporting unit recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.10 Leases (continued)

Policy for 2018

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.

1.11 Borrowing costs

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

1.12 Cash

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

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.13 Financial assets – Initial recognition and measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income **(OCI)**, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' **(SPPI)** on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the reporting unit commits to purchase or sell the asset.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.13 Financial assets – Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- Financial assets at amortised cost
- Investments in equity instruments designated at fair value through other comprehensive income
- Financial assets at fair value through profit or loss
- Financial assets designated at fair value through profit or loss

Financial assets at amortised cost

The entity measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest **(EIR)** method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The entity's financial assets at amortised cost includes trade receivables and loans to related parties.

Investments in equity instruments designated at fair value through other comprehensive income

Upon initial recognition, the reporting unit can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the entity benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The entity elected to classify irrevocably its listed and non-listed equity investments under this category.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.13 Financial assets – Subsequent measurement

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The reporting unit has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
    a) the reporting unit has transferred substantially all the risks and rewards of the asset, or
    b) the reporting unit has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the reporting unit continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.13 Financial assets – Subsequent measurement (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the entity applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The reporting unit has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the entity recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the entity expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the entity may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.14 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The entity's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.15 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.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.16 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.

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.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.17 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.

1.18 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.

1.19 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.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.20 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

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.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 1 Statement of significant accounting policies (continued)

1.21 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.

1.22 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.

1.23 Financial support

The Union does not provide financial support to another Union.

1.24 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.

Note 1 Statement of significant accounting policies (continued)

1.25 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).

1.26 Business combinations

There have been no assets and liabilities acquired during the financial year as part of a business combination (2018: $Nil)

1.27 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

The COVID-19 Pandemic announced by the World Health Organisation subsequent to 31 December 2019 is having a negative impact on world-wide business activities. The Union has initiated procedures to address the health and wellbeing of its employees, members, contractors and the Committee of Management. The extent of the impact and recovery from COVID-19 is not yet known. The extent of the impact on future revenues, operating costs, carrying values of assets and liabilities is also currently unknown. No financial effects from the economic impact of the virus have been included in the financial results for the year ended 31 December 2019. The outbreak of COVID-19 is considered a non-adjusting post balance sheet event.

There were no other events that occurred after 31 December 2019, 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.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 3 Income – Revenue from contracts with customers – AASB 15

	2019 $	2018 $
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)	246	(24,781)
Total levies	**246**	**(24,781)**
Note 3C: Finance income		
Interest on Deposits	28,774	32,156
Total interest earned	**28,774**	**32,156**
Note 3D: Other income		
Insurance rebate – from ETU Vic – Electrical Division	150,711	147,366
Wages subsidy-board fees	3,012	-
Other	8,199	8,169
Total other income	**161,922**	**155,535**
Note 3E: Grants and donations		
Grants	-	-
Donations	-	-
Sponsorship	54,546	12,273
Total grants and donations	**54,546**	**12,273**
Note 3F: Revenue from recovery of wages activity	-	-
Note 3G: Timing of revenue recognition		
At a point in time	193,543	162,910
Overtime	2,955,042	3,049,808
Total Revenue	**3,148,585**	**3,212,718**

Notes to the Financial Statements

for the year ended 31 December 2019

Note 4 Expenses

Note 4A: Employee expenses officers

	2019 $	2018 $
Wages and salaries	1,002,895	988,579
Superannuation	189,601	188,844
Leave and other entitlements	114,852	157,325
Separation and redundancies	-	-
Other employee expenses	74,906	61,346
Subtotal employee expenses officers	**1,382,254**	**1,396,094**
Employees other than officers		
Wages and salaries	174,453	167,517
Superannuation	31,719	29,759
Leave and other entitlements	34,779	23,890
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses employees other than officers	**240,951**	**221,166**
TOTAL EMPLOYEE EXPENSES	**1,623,205**	**1,617,260**

Notes to the Financial Statements

for the year ended 31 December 2019

Note 4 Expenses (continued)

	2019 $	2018 $
Note 4B: Capitation fees		
Communications, Electrical, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division	399,451	372,929
Total capitation fees	**399,451**	**372,929**
Note 4C: Affiliation fees		
Unions WA	34,965	49,231
Australian Labor Party	30,589	35,111
Total affiliation fees	**65,554**	**84,342**
Note 4D: Administration expenses		
Consideration to employers for payroll deductions	-	-
Campaign costs	1,111	3,593
Conferences and meeting expenses	189,523	117,646
Compulsory levies	-	-
Fees/allowances – meetings and conferences	-	-
Insurance	91,929	68,348
Rental expenses and occupancy costs	37,856	44,935
Travel	48,656	101,018
Total administration fees	**369,075**	**335,540**
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	4,792	735
Total paid that exceeded $1,000	56,082	7,636
Total grants or donations	**60,874**	**8,371**
Note 4F: Depreciation and amortisation		
Depreciation:		
Buildings	10,785	10,785
Plant and equipment	62,989	64,225
Total depreciation and amortisation	**73,774**	**75,010**
Note 4G: Finance costs		
Bank charges	22,123	24,007
Debt collector fees	3,929	2,498
Total finance costs	**26,052**	**26,505**
Note 4H: Legal costs		
Litigation	-	-
Other legal matters	92,869	85,951
Total legal costs	**92,869**	**85,951**

Notes to the Financial Statements
for the year ended 31 December 2019

Note 4 Expenses (continued)

	2019 $	2018 $
Note 4I: Write-down and impairment of assets		
Receivables	5,464	(38,384)
Land and buildings	59,485	-
Total write-down and impairment of assets	**64,949**	**(38,384)**
Note 4J: Net losses from sale of assets		
Land and buildings	-	-
Plant and equipment	-	15,475
Total net losses from sale of assets	**-**	**15,475**
Note 4K: Other expenses		
Penalties – via RO Act or the Fair Work Act 2009	-	-

Note 5 Current Assets

	2019	2018
Note 5A: Cash and cash equivalents		
Cash at bank	534,587	233,196
Cash on hand	1,140	1,140
Total cash and cash equivalents	**535,727**	**234,336**
Note 5B: Trade and other receivables		
Receivables from other reporting units		
CEPU National Office	-	-
Total receivables from other reporting units	-	-
Less allowance for expected credit losses		
CEPU National Office	-	-
Total allowance for expected credit losses	-	-
Other receivables:		
GST receivable	66,054	-
Trade receivable	411,733	390,962
Other receivables	31,513	29,664
Less allowance for expected credit losses	(210,826)	(205,362)
Total receivables	**298,474**	**215,264**
Prepayments	13,996	15,500
Total trade and other receivables (net)	**312,470**	**230,764**

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

As 1 January	205,362	243,746
Provision for expected credit losses	5,464	(38,384)
Write-off	-	-
At 31 December	210,826	205,362

Notes to the Financial Statements

for the year ended 31 December 2019

Note 6 Non-Current Assets

	2019	2018
Note 6A: Land and buildings	**$**	**$**
Land and buildings		
at cost	1,483,478	431,418
at fair value	-	-
accumulated depreciation	(86,130)	(75,345)
Total land and buildings	**1,397,348**	**356,073**

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	(75,345)	(64,560)
Net book value 1 January	**356,073**	**366,858**
Additions:		
By purchase	1,111,545	-
From acquisitions of entities (including restructuring)	-	-
Revaluations	-	-
Impairments	(59,485)	-
Depreciation expense	(10,785)	(10,785)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	-	-
Net book value 31 December	**1,397,348**	**356,073**
Net book value as of 31 December represented by:		
Gross book value	1,483,478	431,418
Accumulated depreciation and impairment	(86,130)	(75,345)
Net book value 31 December	**1,397,348**	**356,073**

Notes to the Financial Statements
for the year ended 31 December 2019

Note 6 Non-Current Assets (continued)

Note 6B: Plant and equipment	2019 $	2018 $
Plant and equipment:		
at cost	500,704	463,904
accumulated depreciation	(263,145)	(286,880)
Total plant and equipment	**237,559**	**177,024**

Reconciliation of Opening and Closing Balances of Plant and equipment

As at 1 January		
Gross book value	463,904	446,733
Accumulated depreciation and impairment	(286,880)	(291,522)
Net book value 1 January	**177,024**	**155,211**
Additions:		
By purchase	148,650	159,098
From acquisitions of entities (including restructuring)	-	-
Revaluations	-	-
Impairments	-	-
Depreciation expense	(62,989)	(64,225)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	(25,126)	(73,060)
Net book value 31 December	**237,559**	**177,024**
Net book value as of 31 December represented by:		
Gross book value	500,704	463,904
Accumulated depreciation and impairment	(263,145)	(286,880)
Net book value 31 December	**237,559**	**177,024**

Note 6C: Other financial assets

CBA retirement account	409,220	400,126
CBA online saver account	3,268,397	4,348,610
Rental bond	1,000	-
	3,678,617	**4,748,736**

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 0.63% (2018: 0.56%).

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.

Notes to the Financial Statements

for the year ended 31 December 2019

Note 7 Current liabilities

	2019 $	2018 $
Note 7A: Trade payables		
Trade creditors and accruals – unsecured	53,545	12,713
Membership fees paid in advance	498,879	503,643
Operating lease rentals	-	-
Subtotal trade creditors	**552,424**	**516,356**
Payables to other reporting units		
CEPU - Electrical, Energy and Services Division	248,702	33,820
Subtotal payables to other reporting units	**248,702**	**33,820**
Total trade payables	**801,126**	**550,176**

Settlement is usually within 30 days.

	2019 $	2018 $
Note 7B: Other payables		
Wages and salaries	-	4,112
Superannuation	29,875	772
Payables to employers for payroll deductions of membership subscriptions	-	-
Legal costs		
Litigation	-	-
Other legal matters	-	-
GST payable	-	30,958
PAYG	50,823	37,382
Total other payables	**80,698**	**73,224**
Total other payables are expected to be settled in:		
No more than 12 months	80,698	73,224
More than 12 months	-	-
Total other payables	**80,698**	**73,224**

Note 8 Provisions

	2019 $	2018 $
Note 8A: Employee Provisions		
Officers		
Annual leave	87,420	102,624
Long service leave	49,573	82,865
Retirement allowance	10,489	-
Other	-	-
Subtotal employee provisions – officers	**147,482**	**185,489**

Notes to the Financial Statements

for the year ended 31 December 2019

Note 8 Provisions (continued)

Note 8A: Employee Provisions (continued)

	2019 $	2018 $
Employees other than officers		
Annual leave	23,254	26,332
Long service leave	39,709	32,470
Retirement allowance	107,479	102,298
Other	-	-
Subtotal employee provisions – employees other than officers	**170,442**	**161,100**
Total employee provisions	**317,924**	**346,589**
Current	317,924	314,388
Non-current	-	32,201
Total employee provisions	**317,924**	**346,589**

Note 9 Non-current Liabilities

	2019 $	2018 $
Note 9A: Provision for Hardship Relief	**66,128**	-

The funds collected have been specifically designated to provide financial relief to members suffering financial hardship.

	2019 $	2018 $
Note 9B: Other non-current liabilities		
Other	-	-
Total other non-current liabilities	-	-

Note 10 Equity

	2019 $	2018 $
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 2019

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:

	2019 $	2018 $
Cash flow statement	535,727	234,336
Balance sheet	535,727	234,336
Difference	-	-

Reconciliation of surplus to net cash from operating activities:

	2019 $	2018 $
Surplus for the year	118,901	393,363
Adjustments for non-cash items		
Depreciation/amortisation	73,774	75,010
Impairment of receivables	5,464	-
Net write-down of non-financial assets	59,485	-
Non-operating interest	-	-
(Profit)/Loss on disposal of assets	(2,601)	15,475
Non-cash employee benefits expense	-	23,039
Changes in assets/liabilities		
(Increase)/decrease in trade receivables	(89,674)	(92,479)
(Increase)/decrease in prepayments	1,504	-
Increase/(decrease) in supplier payables	258,422	(64,277)
Increase/(decrease) in other payables	-	-
Increase/(decrease) in employee provisions	(28,663)	22,931
Increase/(decrease) in other provisions	66,128	-
Net cash from (used by) operating activities	**462,740**	**373,062**

Note 11B: Cash flow information

	2019 $	2018 $
(i) Cash inflows from another reporting unit		
CEPU - Electrical, Energy and Services Division	-	4,957
ETU Victoria	150,711	147,071
Total cash inflows	**150,711**	**152,028**
Cash outflows to another reporting unit		
CEPU - Electrical, Energy and Services Division	(284,153)	(503,833)
CEPU – National Council	(7,218)	(6,616)
Total cash outflows	**(291,371)**	**(510,449)**

(ii) Credit facilities

The Union has a $50,000 credit card facility with the bank (2018: $50,000). Amount used at 31 December 2019 $Nil (2018: $Nil).

Notes to the Financial Statements
for the year ended 31 December 2019

Note 11 Cash Flow (continued)

Note 11B: Cash flow information (continued)

(iii) Non-cash financing and investing activities

During 2018 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.

	2019	2018
Revenue from CEPU Electrical, Energy and Services Division includes the following:	**$**	**$**
Donations	-	-
Various expense reimbursements	-	4,563
Revenue received from ETU Vic – Electrical Division includes the following:		
Income protection fees	150,711	147,366
Donations	-	-
Expenses to CEPU Electrical, Energy and Services Division includes the following:		
WA Branch Sustentation fees	(399,450)	(372,929)
Payment of National Journal Costs	-	(17,410)
Payment of wage costs	-	-
Contribution for political campaigns	-	-
Other expense reimbursements	-	(363)
Reimbursement of travel expenses	-	(10,125)
Subscriptions	-	(7,945)
Provision of industrial services	-	(80,002)
Expenses to CEPU National Council includes the following		
Payment of Levy	(7,218)	(6,616)

Notes to the Financial Statements

for the year ended 31 December 2019

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

	2019 $	2018 $
Assets transferred from/to Organisers includes the following:		
Motor vehicles on retirement or redundancy	-	23,039

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 2019, the Union has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2018: $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.

No payments were made to former related parties (2018: $Nil).

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:

	2019 $	2018 $
Short term employee benefits		
Wages and salaries	1,002,895	988,579
Annual leave accrued	112,064	102,839
Performance bonus	-	-
Fringe benefits tax	21,008	8,360
Payroll tax	53,897	52,986
Total short-term employee benefits	**1,189,864**	**1,152,764**
Post-employment benefits		
Superannuation	189,601	188,844
Other long-term benefits		
Long service leave	(9,955)	54,486
Termination benefits	12,743	-
Total	**1,382,253**	**1,396,094**

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 2019

Note 14 Remuneration of Auditors

	2019	2018
Value of the services provided	**$**	**$**
HTG Partners		
Financial statement and membership register audit services	22,156	-
Other services – preparation of financial statements	9,375	
	31,531	-
Butler Settineri		
Financial statement audit services/ (reversal of prior year over accrual)	-	(8,928)
Other services – preparation of financial statements / (reversal of prior year over accrual)	-	(4,000)
Total remuneration of auditors	**-**	**(12,928)**

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 2019 (2018: Nil).

Note 15A Categories of Financial Instruments

Financial Assets	**2019**	**2018**
Fair value through profit or loss:	**$**	**$**
Cash at bank	534,587	233,196
Cash on hand	1,140	1,140
Total	**535,727**	**234,336**
Held-to-maturity investments:		
Retirement account	409,220	400,126
Online saver	3,268,397	4,348,610
Rental bond	1,000	-
Total	**3,678,617**	**4,748,736**
Available-for-sale assets	-	-
Total	**-**	**-**
Loans and receivables:		
Accounts receivable	298,474	215,264
Total	**298,474**	**215,264**
Carrying amount of financial assets	**4,512,818**	**5,198,336**
Financial Liabilities		
Fair value through profit or loss:		
Trade payables	801,126	550,176
Other payables	80,698	73,224
Total	**881,824**	**623,400**
Other financial liabilities	-	-
Total	**-**	**-**
Carrying amount of financial liabilities	**581,824**	**623,400**

Notes to the Financial Statements

for the year ended 31 December 2019

Note 15 Financial instruments (continued)

Note 15B Net Income and Expense from Financial Assets

	2019 $	2018 $
Held-to-maturity		
Interest revenue	28,774	32,156
Exchange gains/(loss)	-	-
Impairment	-	-
Gain/loss on disposal	-	-
Net gain/(loss) held-to-maturity		
Loans and receivables	**28,774**	**32,156**
Interest revenue	-	-
Exchange gains/(loss)	-	-
Impairment	5,464	38,384
Gain/loss on disposal	-	-
Net gain/(loss) from loans and receivables	**5,464**	**38,384**
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 (2018: Nil).

Notes to the Financial Statements

for the year ended 31 December 2019

Note 15 Financial instruments (continued)

Note 15C: Net Income and Expense from Financial Liabilities

	2019 $	2018 $
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 (2018: 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 2019

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.

	2019 $	2018 $
Financial assets		
Cash and cash equivalents	535,727	234,336
Held to maturity assets	3,678,617	4,748,736
Trade receivables	509,300	420,626
Total	**4,723,644**	**5,403,698**
Financial liabilities		
Trade payables	(801,126)	(550,176)
Other payables	(80,698)	(73,224)
Total	**(881,824)**	**(623,400)**

No collateral is held in relation to the Union's Credit Risk

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

31 December 2019	**Trade and other receivables**					
	Days past due					
	<6 mths **$**	**6 mths – 1yr** **$**	**1 yr – 1 1/2 yrs** **$**	**1 1/2 yrs – 2 yrs** **$**	**>2 yrs** **$**	**Total** **$**
Expected credit loss rate of trade debtors	1.5%	46%	53%	77%	95%	
Trade debtors Gross carrying amount	62,639	143,365	64,594	139,773	1,362	411,733
Other debtors Gross	97,567	-	-	-	-	97,567
Expected credit loss	(918)	(66,048)	(34,442)	(108,123)	(1,293)	(210,826)

31 December 2018	**Trade and other receivables**					
	Days past due					
	<6 mths **$**	**6 mths – 1yr** **$**	**1 yr – 1 1/2 yrs** **$**	**1 1/2 yrs – 2 yrs** **$**	**>2 yrs** **$**	**Total** **$**
Expected credit loss rate of trade debtors	1.6%	48%	54%	77%	95%	
Trade debtors Gross carrying amount	49,466	137,761	81,697	122,038	0	390,962
Other debtors Gross	29,664	-	-	-	-	29,664
Expected credit loss	(768)	(66,194)	(44,450)	(93,950)	(0)	(205,362)

The reporting unit's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2019 and 2018 is the carrying amounts as illustrated in Note 15D.

Notes to the Financial Statements

for the year ended 31 December 2019

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 2019 (2018: Nil).

Contractual maturities for financial liabilities 2019

	On Demand	< 1 year $	1 -2 years $	2 -5 years $	> 5 years $	Total $
Trade payables	-	801,126	-	-	-	801,126
Other payables	-	80,698	-	-	-	80,698
Total	-	**881,824**	-	-	-	**881,824**

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**

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 2019

	Risk variable	Change in risk variable %	Effect On	
			Profit and Loss $	Members funds $
Interest rate risk	4,212,204	+1%	42,122	42,122
Interest rate risk	4,212,204	-1%	(42,122)	(42,122)

Notes to the Financial Statements

for the year ended 31 December 2019

Note 15 Financial instruments (continued)

Note 15F: Market Risk (continued)

Sensitivity analysis of the risk that the entity is exposed to for 2018

	Risk variable	Change in risk variable %	Effect On Profit and Loss $	Effect On 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)

Note 15G: Changes in liabilities arising from financing activities

	1 January 2019 $	Cash flows $	Reclassified as part of disposal group $	Foreign exchange movement $	Changes in fair values $	New Leases $	Other $	31 December 2019 $
Current interest-bearing loans and borrowings (excluding items listed below)	-	-	-	-	-	-	-	-
Current obligations under finance leases and hire purchase contracts	-	-	-	-	-	-	-	-
Non-current interest-bearing loans and borrowings (excluding items listed below)	-	-	-	-	-	-	-	-
Non-current obligations under finance leases and hire purchase contracts	-	-	-	-	-	-	-	-
Dividends Payable	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-	-	-	-

Notes to the Financial Statements

for the year ended 31 December 2019

Note 15 Financial instruments (continued)

Note 15G: Changes in liabilities arising from financing activities (continued)

	1 January 2018	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New Leases	Other	31 December 2018
	$	$	$	$	$	$	$	$
Current interest-bearing loans and borrowings (excluding items listed below)	-	-	-	-	-	-	-	-
Current obligations under finance leases and hire purchase contracts	-	-	-	-	-	-	-	-
Non-current interest-bearing loans and borrowings (excluding items listed below)	-	-	-	-	-	-	-	-
Non-current obligations under finance leases and hire purchase contracts	-	-	-	-	-	-	-	-
Dividends Payable	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-	-	-	-

Note 16: Fair value measurement

The financial assets and liabilities as disclosed in the balance sheet and notes to the financial statements approximate their fair 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.

Notes to the Financial Statements

for the year ended 31 December 2019

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:

	2019 $	2018 $
Cash and cash equivalents	535,727	234,336
Other financial assets	3,678,617	4,748,736
Trade and other receivables	298,474	215,264
Trade and other payables	(881,824)	(623,400)
	3,630,994	**4,574,936**

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).