

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

PLUMBING DIVISION – VICTORIA BRANCH

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

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

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

**OPERATING REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

Principal activities

The principal activities of the CEPU Victoria Branch during the financial year were to provide representation and support to the members. There were no significant changes to the principal activities during the year.

Review of results

The net result of operations for the year was a profit of \$55,880 (2018: profit of \$373,769). The organisation continued to represent its members in industrial and other matters, focusing particularly on training and educational projects to advance the industry. During the year, it continued to pay particular attention to corporate governance, ensuring that it complies with legislative requirements. As at reporting date, it had accumulated net assets of \$13.17 million (2018: \$13.12 million) and had reduced interest-bearing debt from the prior year. The organisation is well placed to meet the future needs of the industry and moreover its members, through enhanced representation and training services, the latter arising given the ongoing developments at PICAC Ltd. Close alignment with the U.A. (USA) also continues to enhance member services and delivery.

Significant Changes in the State of Affairs

In the opinion of the Members of the Committee of Management, there were no significant changes in the organisation's state of affairs during the financial year.

Resignation of Members

A member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

Number of Members

As at 31 March 2019, the number of members of the organisation recorded in the register of members was 9,666.

Number of Employees

As at 31 March 2019, the number of full time equivalent employees was 26 (2018: 24).

Committee of Management

The Committee of Management members are as follows: -

N Ottobre	(1.4.18 – 31.3.19)	E Setches	(1.4.18 – 31.3.19)
C Delidakis	(1.4.18 – 31.3.19)	P McCrudden	(1.4.18 – 31.3.19)
R Menzies	(1.4.18 – 31.3.19)	T Smart	(1.4.18 – 31.3.19)
B Jovanovski	(1.4.18 – 31.3.19)	R Vaughan	(1.4.18 – 31.3.19)
I Marris	(1.4.18 – 31.3.19)	B Rendina	(1.4.18 – 31.3.19)
J Sanders	(9.5.18 – 31.3.19)	M. Robbins	(1.4.18 – 31.3.19)
K Fitzgerald	(1.4.18 – 31.3.19)		

During the year, the following Committee of Management members retired: -

S Bamford	(1.4.18 – 24.4.18)
D Saunders	(1.4.18 – 24.4.18)

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
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**OPERATING REPORT
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

Officers & employees who are directors of a company or a member of a board


Details of officers and employees, who held positions as a superannuation fund trustee or director of a company that is a superannuation fund trustee, are as follows: -

Name of Officeholder	Name of Company or Board	Position Held	Principal Activity of Company or Board	Position Held because officer or employee of Union or nominated by Union or Peak Council
Earl Setches Paddy McCrudden	CBUS Co-Invest	Director Director	Superannuation Long Service Leave	Yes Yes

Future Developments

In the opinion of the Committee of Management, there is not likely to be any future development that will materially affect the Union's operations in subsequent years.

Signed in accordance with a resolution of the Committee of Management.


.....
Earl Setches - Secretary
Designated Officer

Dated this 7th day of May 2019

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


CERTIFICATE OF COMMITTEE OF MANAGEMENT

The Committee of Management of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union Of Australia, Plumbing Division – Victoria Branch passed the following resolution on 7th May 2019 in relation to the general purpose financial report of the reporting unit for the financial year ended 31 March 2019.

The Committee of Management declares in relation to the general purpose financial report that in its opinion:

- (a) the financial statements and notes comply with Australian Accounting Standards and the Reporting Guidelines of the Commissioner, Registered Organisations Commission including any other requirements imposed by Part 3 of Chapter 8 of the Fair Work (Reporting Organisations) Act;
- (b) 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;
- (c) 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;
- (d) during the financial year to which the general purpose financial report 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;
 - 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;
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
 - iv. the information sought in any request of a member of the reporting unit or the Commissioner, Registered Organisations Commission duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the Commissioner, Registered Organisations Commission;
 - v. there have been no orders for inspection of financial records made by the Registered Organisations Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period; and
 - vi. where the Union comprises of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable in a manner consistent with each of the other reporting units of the organisation.

Resolved for the Committee of Management:


Earl Setches - Secretary
Designated Officer

Dated this 7th day of May 2019

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

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
FOR THE YEAR ENDED 31 MARCH 2019**

I, Earl Setches, being the Secretary of Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing And Allied Services Union Of Australia Plumbing Division - Victoria Branch certify:

- (i) That the documents lodged herewith are copies of the full report for the CEPU (VIC Plumbing Division) for the period ended referred to in Section 268 of the *Fair Work (Registered Organisations) Act 2009*; and
- (ii) That the full report was provided to members of the reporting unit on 17 May 2019; and
- (iii) That the full report was presented to a meeting of the committee of management of the reporting unit on 28 June 2019 in accordance with Section 266 of the *Fair Work (Registered Organisations) Act 2009*.

.....
Earl Setches - Secretary
Designated Officer

Dated this day of 2019

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

OFFICER DECLARATION STATEMENT

I, Earl Setches, being the Secretary of the Branch, declare that all activities required to be disclosed during the reporting period ended 31 March 2019 have been disclosed in the financial report.

Earl Setches

.....
Earl Setches - Secretary
Designated Officer

Dated: *7th May 2019*

AUDITOR'S INDEPENDENCE DECLARATION

**TO THE COMMITTEE OF MANAGEMENT OF COMMUNICATIONS, ELECTRICAL, ELECTRONIC,
ENERGY, INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION
VICTORIA BRANCH**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2019 there have been: -

- (i) no contraventions of the auditor independence requirements in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Stannards Accountants and Advisors



MB Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2017/45)

Dated this 7th day of May 2019

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

**EXPENDITURE REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

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

	2019	2018
	\$	\$
CATEGORIES OF EXPENDITURE		
Remuneration and other employment-related costs and		
Expenses - employees	4,177,467	3,905,226
Advertising	179,066	93,126
Operating Costs	2,237,879	2,196,623
Donations to Political Parties	206,500	65,000
Legal Costs	29,889	130,836
Total	6,830,801	6,390,811

Earl Setches

.....
Earl Setches - Secretary
Designated Officer

Dated this *7th* day of *May* 2019

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

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 \$	2018 \$
Revenue		
Membership Subscriptions	4,347,014	4,114,811
Enrolment Fees	-	-
Rental Income from Investment Property Activities	589,917	570,805
Directors' Fees	163,583	174,645
Work Safe and Aboriginal Grants Income	432,811	506,706
Costs Recovered from Training, Education Centres and Others	1,381,332	1,164,963
Sundry Income	175,649	227,525
Profit on disposals of fixed assets	13,200	41,660
Donations	-	-
Grants	-	-
Levies	-	-
Capitation Fees	-	-
Total Revenue	7,103,506	6,801,115
Expenses		
Affiliations		
ALP (Political Party)	61,108	62,818
CEPU National Office	-	32,231
VTHC	91,230	90,197
Regional Trade Councils / Other	9,485	7,983
Administrative Services		
Advertising	179,066	93,126
Audit Fees – Financial Report	10,000	10,000
– Other Services	700	7,160
Compliance Fees	600	11,875
Bank and Other Finance Charges	44,018	36,309
Bad Debts and Doubtful Debts	-	62,558
Cleaning and Security Services	60,946	67,038
Committee Fees	4,220	8,424
Computer Programming Expenses	59,133	91,628
Depreciation & Amortisation (includes assets <\$1,000 written off)	313,767	260,997
Fringe Benefit Tax	115,686	72,591
Grants	-	-
Interest Paid	990	2,380
Insurance	111,270	131,069
Land Tax	(50,301)	40,356
Legal Fees – Litigation	29,889	51,784
Legal Fees – Other Matters	-	79,052
Professional Services	193,994	173,930
Electricity	10,172	9,490
Repairs and Maintenance	15,279	30,700
Motor Vehicles Expenses	112,020	157,374
Payroll Tax	209,390	190,110
Penalties – via RO Act or Regulations	-	-
Postage and Mail Outs	51,093	28,180
Printing and Stationery	337,785	281,130
Annual Leave	37,671	22,751
Long Service Leave and Retiring Allowances	103,425	254,312

The accompanying notes form part of this Financial Report

(continued)

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

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	2019	2018
	\$	\$
Rates	7,573	16,131
Rent	6,269	1,263
Salaries and Wages	3,571,568	3,183,085
Staff Training	116,136	7,450
Sundries	116,777	45,751
Superannuation	464,803	445,078
Telephone and Internet Services	64,134	48,009
Travel and Accommodation	60,597	53,376
Fines	3,139	1,805
Fitness and Clothing Allowances	22,543	19,996
Other Allowances	17,027	16,499
Debt Collection Expenses		-
Staff Amenities	7,213	5,592
Consideration to Employers For Making Payroll Deductions		-
Compulsory Levies		-
Meetings and Conferences		-
Work Safe Expenses		6,033
	6,570,415	6,215,621
Per Capita Payment to National Office	260,386	175,190
	6,830,801	6,390,811
Total Expenses		
	6,830,801	6,390,811
Profit / (Loss) for Year	272,705	410,304
Fair Value Adjustments to Property		-
Net Profit / (Loss) available for appropriation between General and Incidental Fund	272,705	410,304
Net (Expenses) / Revenue from other Funds	(216,825)	(36,535)
Net Profit for the Year	55,880	373,769

The accompanying notes form part of this Financial Report

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	2019	2018
	\$	\$
Profit / (Loss) for the period	55,880	373,769
Other comprehensive income for the period		-
Total comprehensive income for the period	55,880	373,769
Total comprehensive income attributable to: Members of the organisation	55,880	373,769

To be read in conjunction with the Notes to and forming part of the financial statements

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	Notes	2019 \$	2018 \$
Current Assets			
Cash and Cash Equivalents	4	1,893,826	4,308,523
Receivables	5	6,633,380	5,608,590
Inventory	1(b)	64,277	77,562
Other	6	70,089	66,696
Loan - CEPU WA		67,278	67,278
Total Current Assets		8,728,850	10,128,649
Non Current Assets			
Receivables	5	863,367	-
Property, Plant and Equipment	7	2,467,160	2,573,092
Investment Property	9	5,218,757	5,293,488
Website Development	8	12,740	16,780
Total Non Current Assets		8,562,024	7,883,360
Total Assets		17,290,874	18,012,009
Current Liabilities			
Payables	10	345,049	1,336,751
Interest Bearing Debt	13	12,140	12,140
Non Interest Bearing Liabilities	11	961,293	876,107
Provisions	12	2,706,678	2,566,673
Total Current Liabilities		4,025,160	4,791,671
Non Current Liabilities			
Provisions	12	74,000	72,909
Interest Bearing Debt	13	23,095	34,690
Total Non Current Liabilities		97,095	107,599
Total Liabilities		4,122,255	4,899,270
Net Assets		13,168,619	13,112,739
Equity			
Defence Fund		3,033,285	3,021,352
General Fund		5,347,679	5,145,463
Incidental Fund		2,848,943	2,747,285
Special Purpose Fund		180,860	440,787
Asset Revaluation Reserve		1,757,852	1,757,852
Total Equity		13,168,619	13,112,739

To be read in conjunction with the Notes to and forming part of the financial statements

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
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PLUMBING DIVISION - VICTORIA BRANCH**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 \$	2018 \$
Accumulated Profit / (Deficit) – Beginning of Year	-	-
Profit / (Loss) for the Year	55,880	373,769
Distribution to: -		
Defence Fund	(11,933)	(23,360)
General Fund	(202,216)	(311,202)
Incidental Fund	(101,658)	(156,951)
Special Purpose Fund	259,927	117,744
Total Accumulated Profit / (Deficit) – End of the Year	-	-

	Defence Fund	General Fund	Incidental Fund	Special Purpose Fund	Asset Revaluation Reserve	Total
2019	\$	\$	\$	\$	\$	\$
Balance – Start of Period	3,021,352	5,145,463	2,747,285	440,787	1,757,852	13,112,739
Net Surplus / (Deficit)	11,933	202,216	101,658	(259,927)	-	55,880
Balance – End of Period	3,033,285	5,347,679	2,848,943	180,860	1,757,852	13,168,619

	Defence Fund	General Fund	Incidental Fund	Special Purpose Fund	Asset Revaluation Reserve	Total
2018	\$	\$	\$	\$	\$	\$
Balance – Start of Period	2,997,992	4,834,261	2,590,334	558,531	1,757,852	12,738,970
Net Surplus / (Deficit)	23,360	311,202	156,951	(117,744)	-	373,769
Balance – End of Period	3,021,352	5,145,463	2,747,285	440,787	1,757,852	13,112,739

To be read in conjunction with the Notes to and forming part of the financial statements

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 Inflows/ (Outflows) \$	2018 Inflows/ (Outflows) \$
Cash flows from Operating Activities			
Contributions and enrolment fees from Members		4,129,104	4,114,811
Interest Received		44,665	85,561
Grants Received		432,811	506,706
Levies Received			-
Other Income		175,649	227,525
Directors' Fees		163,583	174,645
Rent Received – Investment Property		589,917	570,805
Amounts recharged and recouped		1,317,355	860,769
Payments to Suppliers and Employees		(6,883,024)	(4,834,727)
Interest Paid		(990)	(2,380)
Net Cash Provided by Operating Activities	16	(30,930)	1,703,715
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment and Investment Properties		(164,064)	(187,981)
Proceeds from Sale of Property, Plant and Equipment		13,200	48,136
Net Cash Provided by / (Used in) Investing Activities		(150,864)	(139,845)
Cash flows from Financing Activities			
Borrowings		(11,595)	(9,596)
Payments by/(to) employees			(5,000)
Payments by/(to) Federal Office		(176,013)	(83,365)
Payments by/(to) CEPU WA Branch		(12,095)	(44,164)
Payments by/(to) PJTF Ltd		(63,977)	116,498
Loans by/(to) CEPU TEC Ltd		(1,000,000)	(2,220,000)
Payments by/(to) CEPU TEC Ltd		(58,763)	6,230
Loans by/(to) CEPU NSW Branch		(897,500)	-
Payments by/(to) PICAC Ltd		(12,960)	115,588
Net Cash Provided by/(Used) in Financing Activities		(2,232,903)	(2,123,809)
Net Increase in Cash and Cash Equivalents		(2,414,697)	(559,939)
Cash and Cash Equivalents at Beginning of Year		4,308,523	4,868,462
Cash and Cash Equivalents at End of Year	16	1,893,826	4,308,523

To be read in conjunction with the Notes to and forming part of the financial statements

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
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PLUMBING DIVISION - VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Statement of Significant Accounting Policies

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Fair Work (Registered Organisations) Regulations 2009 and Fair Work (Registered Organisations) Act 2009.

Basis of Preparation

The financial report complies with Australian Accounting Standards which include Australian Equivalents to International Financial Reporting Standards (AIFRS). Comparative information has been restated where necessary to comply with current year presentation of the financial report.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The Union is a 'not for profit' organisation.

Cost is based on fair values of consideration given in exchange for assets.

The accounting policies set out below have been consistently applied, unless otherwise stated.

Accounting Policies

(a) Property, Plant and Equipment

Cost and valuation

Freehold land and buildings that constitute investment properties are measured at cost or on a 'fair value' basis. At each reporting date, the value of assets in this asset class is reviewed to ensure that it does not differ materially from the asset's book value at that date. Any significant increase or decrease is recognised in accordance with accounting standards.

All other fixed assets are also measured at the lower of cost and fair value.

Depreciation

Depreciation is calculated on the prime cost and diminishing value methods and is brought to account over the estimated economic lives of all buildings, motor vehicles, equipment, furniture and fittings. Depreciation rates applied are:

	2019	2018
Buildings	2.5%	2.5%
Motor Vehicles	25%	25%
Furniture and Office Equipment	10-50%	10-50%
Fixtures and Fittings	13-20%	13-20%

(b) Inventories

Inventories are valued at the lower of cost and net realisable value (cost is based on a FIFO basis).

(c) Income Tax

No provision for income tax is necessary as "Trade Unions" are exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997. An obligation for fringe benefits tax and goods and services tax still exists and has been accounted for by the Union.

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PLUMBING DIVISION - VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(d) Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled in full within one year together with entitlements arising from wages and salaries, have been measured at the nominal amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Retiring allowance, applicable only to officials, is accrued in accordance with clause 51.4 & 51.5 of the Rules.

Long service leave provisions in relation to officials is recognised in the accounts, in accordance with clause 51.7 and 51.9 of the Rules. Long service leave for non-officials is accrued based on probability of pay-out and years of service.

Contributions made by the Union to employee superannuation funds are charged as expenses when incurred.

The number of employees at the end of the year was 24.

(e) Revenue Recognition

Contributions from members are shown net of refunds and are accounted for on an accruals basis. Any contribution received in advance for the next period is included in deferred income. Subscriptions are levied semi-annually in respect of membership.

Interest revenue is recognised on an accrual basis.

Revenue arising from the disposal of non-current assets is recognised when the Union and the buyer are both committed to a contract and settlement has occurred.

Investment property revenue is recognised on a straight-line basis over the lease term.

All other revenue is recognised on an accruals basis.

No change to comparative information was required given the adoption of AABS15: Revenue from Contracts with Customers.

All revenue is recognised at the point of service recognition, and is sourced in Australia. There are no unsatisfied performance obligations.

(f) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(g) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand, cash at bank and investments in money market instruments.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(h) Trade and other receivables

Trade and other receivables are recognised initially at fair value and are generally due for settlement within 30 days.

The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Union will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement as an expense.

(i) Trade and other payables

Trade payables and other accounts payable are recognised when the Union becomes obliged to make future payments resulting from the purchase of goods and services. Trade accounts payable are normally settled within 30 days.

(j) Capitation Fees

These fees are recognised on an accruals basis, and recorded as an expense in the year to which they relate.

(k) Critical Accounting Estimates and Judgements

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

Key Estimates – Impairment

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

(l) Fair value measurement

The Union measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Union would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(l) Fair value measurement (Cont'd)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(m) Financial Instruments

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below:

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Financial Liabilities

Non-derivative financial liabilities are measured at amortised cost using the effective interest rate method

(iii) Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired, impairment losses are recognised in the statement of comprehensive income.

(iv) Fair Value

The Union measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Union would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the Union at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(m) Financial Instruments (Cont'd)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(n) Going Concern

The Union is not reliant on the agreed financial support of any entity nor has it agreed to provide financial support to any entity so they can continue as a going concern other than PTEU WA Branch. Such support to that Branch is being provided indefinitely and is interest free.

(o) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Union, together with an assessment of the potential impact of such pronouncements on the Union when adopted in future periods, are discussed below:

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

The Union has chosen not to early-adopt AASB 16. However, the Union has conducted a high-level assessment of the impact of this new standard, as follows.

A core change under AASB 16: *Leases* is that most leases will be recognised on the balance sheet by lessees, as the new standard does not differentiate between operating and finance leases.

An asset and a financial liability are recognised in accordance with this new standard. There are, however, two exceptions allowed. These are short-term and low-value leases.

Given that the Union's activities as a lessor and lessee will not be materially impacted by this new standard, the Union does not expect any significant impact on its financial statements from this perspective. Nonetheless, starting next year, additional disclosures will be required.

AASB 16 will be applied by the Union from its mandatory adoption date of 1 January 2019. The simplified transition approach will be the Union's chosen approach.

2. Information to be provided to Members or Commissioner, Registered Organisations Commission

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

- (1) A Member of an organisation, or the Commissioner, Registered Organisations Commission, may apply to the organisation for specified prescribed information in relation to the organisation 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 organisation.
- (3) An organisation must comply with an application made under subsection (1).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

3. Fund Analysis

	2019 \$	2018 \$
3.1 Defence Fund		
INCOME		
Interest Received	11,933	23,360
Levies	-	-
Total Income	11,933	23,360
MOVEMENT		
Surplus for Year	11,933	23,360
Surplus B/Fwd	3,021,352	2,997,992
Accumulated Surplus	3,033,285	3,021,352
3.2 General Fund		
INCOME		
Interest Received	20,322	37,666
Net Surplus/(Deficit) transferred (2/3 of Net Profit / (Loss) from Ordinary Activities)	181,894	273,536
Total Income	202,216	311,202
MOVEMENT		
Surplus/(Deficit) for Year	202,216	311,202
Surplus B/Fwd	5,145,463	4,834,261
Accumulated Surplus	5,347,679	5,145,463
3.3 Incidental Fund		
INCOME		
Interest Received	10,850	20,183
Net Surplus/(Deficit) transferred (1/3 of Net Profit/ (Loss) from Ordinary Activities)	90,808	136,768
Total Income	101,658	156,951
MOVEMENT		
Surplus/(Deficit) for the Year	101,658	156,951
Surplus B/Fwd	2,747,285	2,590,334
Accumulated Surplus	2,848,943	2,747,285
3.4 Special Purpose Fund		
INCOME		
Interest Received	1,741	4,352
Sales of t-shirts / windcheaters	20,087	12,703
Total Income	21,828	17,055
EXPENDITURE		
Donations	227,450	103,158
Functions – staff and other	-	3,201
T-shirts / windcheater purchases	54,305	28,440
Total Expenditure	281,755	134,799
MOVEMENTS		
(Deficit) / Surplus for the year	(259,927)	(117,744)
Surplus B/Fwd	440,787	558,531
Accumulated Surplus	180,860	440,787

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3. Fund Analysis (cont'd)

General Fund

Pursuant to the Rules of the Union, the General Fund includes all enrolment fees, contributions, levies and fines (except as specifically prescribed in the rules) and except with the previous permission of the Divisional Council or Divisional Executive shall only be used for the payment of allowances and general expenditures necessarily incurred in the working of the Branch.

Incidental Fund

Pursuant to the Rules of the Union, the surplus allocated in the General Fund at the close of each financial period is divided into three equal parts with one part being allocated to the Incidental Fund and two parts of the General Fund. This Fund is wholly at the disposal of the Branch for any purpose whatsoever.

Defence Fund

This fund represents the accumulated levy made on members of the Victorian Branch. Legal fees incurred where deemed to be for the defence of the Union can be written off against this fund.

Special Purpose

This reserve is used for specific purposes approved by the Divisional Council or Divisional Executive. It incorporates levies in respect of the Federal Office, and membership transactions.

4. Cash and Cash Equivalents

	<u>2019</u> \$	<u>2018</u> \$
Cash at Bank	1,889,226	4,303,923
Cash on Hand	4,600	4,600
	<u>1,893,826</u>	<u>4,308,523</u>

5. Receivables

	<u>2019</u> \$	<u>2018</u> \$
Sundry Debtors and Accrued Income	221,458	387,198
GST Receivable	(149,896)	(177,082)
Amounts due from related parties (Including Training Centres)	6,561,818	5,398,474
	<u>6,633,380</u>	<u>5,608,590</u>
Received – Non current		
Amounts due from related parties (Secured)	863,367	-
Total Receivables	<u>7,496,747</u>	<u>5,608,590</u>

No receivables were impaired at reporting date (2018: \$nil).

Receivables are aged as follows: -

Days	<u>2019</u> \$	<u>2018</u> \$
0 – 30	71,562	210,116
No set terms*	7,425,185	5,398,474
	<u>7,496,747</u>	<u>5,608,590</u>

* No specific repayment terms set.

No significant credit risk exists with any single counterparty, nor is there any collateral over receivables except as stated.

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6. Other Current Assets

	2019	2018
	\$	\$
Prepayments	70,089	66,696

7. Property, Plant and Equipment

	2019	2018
	\$	\$
Freehold Land		
At Valuation	1,105,650	1,105,650
At Cost	-	-
	1,105,650	1,105,650
Buildings on Freehold Land		
At Valuation	900,000	900,000
At Cost	591,801	591,801
Less: Accumulated Depreciation	(451,087)	(413,792)
	1,040,714	1,078,009
Motor Vehicles		
At Cost	793,120	762,034
Less: Accumulated Depreciation	(521,746)	(438,754)
	271,374	323,280
Furniture and Equipment		
At Cost	902,684	870,822
Less: Accumulated Depreciation	(853,599)	(806,940)
	49,085	63,882
Fixtures and Fittings		
At Cost	45,431	45,431
Less: Accumulated Depreciation	(45,094)	(43,160)
	337	2,271
Total Property, Plant and Equipment (Non Current)	2,467,160	2,573,092

Freehold land and buildings located at 50-52 Victoria Street, Carlton North were valued by D Brindley, Certified Practising and Sworn Valuers of Woodards (Network) Pty Ltd on 31 March 2013. The basis of valuation of the property was the capitalisation of estimated net rental at the rate that reflects the risks relating to such property classes in the location. Property acquired subsequently is measured at cost. The Committee of Management believe the current written down value of land and buildings is appropriate as a basis on which to measure fair value.

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current year.

2018	Freehold Land	Buildings	Motor Vehicles	Furniture & Equipment	Fixtures & Fittings	Total
	\$	\$	\$	\$	\$	\$
Carrying amount at beginning of year	1,105,650	1,074,359	306,603	104,241	3,781	2,594,634
Additions	-	40,415	126,645	10,821	-	177,881
Disposals	-	-	(6,477)	-	-	(6,477)
Transfer to Website development	-	-	-	(10,100)	-	(10,100)
Depreciation Expense	-	(36,765)	(103,491)	(41,080)	(1,510)	(182,846)
Carrying amount at end of year	1,105,650	1,078,009	323,280	63,882	2,271	2,573,092

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FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

7. Property, Plant and Equipment (cont'd)

2019	Freehold Land	Buildings	Motor Vehicles	Furniture & Equipment	Fixtures & Fittings	Total
	\$	\$	\$	\$	\$	\$
Carrying amount at beginning of year	1,105,650	1,078,009	323,280	63,882	2,271	2,573,092
Additions	-	-	114,702	31,862	-	146,564
Disposals	-	-	-	-	-	-
Depreciation Expense	-	(37,295)	(166,608)	(46,659)	(1,934)	(252,496)
Carrying amount at end of year	1,105,650	1,040,714	271,374	49,085	337	2,467,160

8. Website Development Costs

	2019	2018
	\$	\$
Website development costs	20,200	20,200
Less: Accumulated amortisation	(7,460)	(3,420)
	12,740	16,780

9. Investment Property

	2019	2018
	\$	\$
Carrying amount at the beginning of year	5,858,191	5,875,691
Less: Accumulated Depreciation	(639,434)	(582,203)
Carrying amount at the end of year	5,218,757	5,293,488

* (Valued by Jones Lang LaSalle, Certified Practising Valuers on 23 March 2010 on a 'market value for mortgage security' basis). No market valuation decrement is believed to have occurred from the previous valuation, based on market information available.

10. Payables

	2019	2018
	\$	\$
Creditors and accruals	345,049	1,327,410
Consideration to employers for payroll deductions	-	-
Legal Costs - litigation	-	-
Legal Costs - other matters	-	9,341
	345,049	1,336,751

11. Non Interest Bearing Liabilities

	2019	2018
	\$	\$
Amount Payable to Federal Office	961,293	876,107
	961,293	876,107

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

12. Provisions

	2019	2018
	\$	\$
<i>Current</i>		
Annual Leave	402,790	365,119
Long Service Leave and Retiring Allowances	2,303,888	2,201,554
	2,706,678	2,566,673
<i>Non Current</i>		
Long Service Leave and Retiring Allowances	74,000	72,909

Of the amounts owing above, they are payable as follows:-

	Annual Leave		Long Service Leave and Retirement Allowance		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Officeholders	138,434	126,218	847,198	696,094	985,632	822,312
Other Staff	264,356	238,901	1,530,690	1,578,369	1,795,046	1,817,270
Total	402,790	365,119	2,377,888	2,274,463	2,780,678	2,639,582

There are no other provisions for separation and redundancy or other provisions for officeholders or other employees (2018: \$nil)

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Union does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Union does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

13. Interest Bearing Debt

	2019	2018
	\$	\$
Current	12,140	12,140
Non Current	23,095	34,690
	35,235	46,830

This debt repayable over 12 years is secured by a first registered mortgage over the land and buildings located at 22-28 Phoenix Street, Brunswick and Units 6,7,8, 306 Albert Street, Brunswick.

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14. Employee Benefits

Employee benefits paid/accrued during the year

	Officeholders		Employees		Total	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Wages and Salaries	547,235	532,184	3,024,333	2,650,901	3,571,568	3,183,085
Annual Leave	12,216	56,585	25,455	(33,834)	37,671	22,751
Long Service Leave and Retirement Allowance	151,104	65,702	(47,679)	188,610	103,425	254,312
Superannuation	69,380	73,669	395,423	371,409	464,803	445,078
Total	779,935	728,140	3,897,532	3,177,086	4,177,467	3,905,226

No separation or redundancy costs or other expenses were incurred this year for officeholders or other employees (2018: \$nil).

15. Cash Flow Information

a. Reconciliation of Cash

Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows: -

	2019 \$	2018 \$
Cash at Bank	1,889,226	4,303,923
Cash on Hand	4,600	4,600
	1,893,826	4,308,523

b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit

	Note	2019 \$	2018 \$
Net Profit / (Loss)			
Defence Fund	3.1	11,933	23,360
General Fund	3.2	202,216	311,202
Incidental Fund	3.3	101,658	156,951
Special Purpose Fund	3.4	(259,927)	(117,744)
		55,880	373,769
Non Cash Items			
Depreciation & Amortisation		313,767	260,997
Provisions		141,096	277,064
(Profit) / Loss on Disposal of Non Current Assets (nett)		(13,200)	(41,660)
Per Capita Charge		260,386	175,190
Other Non Cash Related Party Items		34,641	-
Changes in Operating Assets and Liabilities			
(Increase)/Decrease in Prepayments		(3,393)	(10,799)
(Increase)/Decrease in Inventory		13,285	4,998
Increase/(Decrease) in Trade Creditors and Accruals		(1,050,274)	846,349
(Increase)/Decrease in Sundry Debtors and GST Receivables		216,882	(182,193)
Net Cash Provided by Operating Activities		(30,930)	1,703,715

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16. Related Party Information

- a. The names or persons who formed part of the Committee of Management at any time during the year were: -

President
N. Ottobre

Vice-President
T. Smart

Trustee
C. Delidakis

Trustee
R. Vaughan

Secretary
E. Setches

Assistant Secretary
P. McCrudden

Committee of Management
I. Marris B. Jovanovski
R. Menzies B. Redina
S. Bamford* M. Robbins
D. Saunders* K. Fitzgerald
*Now retired

- b. Key Management Personnel Remuneration for the Reporting Period

Remuneration for the Reporting Period	2019 \$	2018 \$
Short-term employee benefits		
Salary	547,235	532,184
Annual leave	12,216	56,585
Performance bonus	-	-
Total short-term employee benefits	559,451	588,769
Post-employment benefits		
Superannuation	69,380	73,669
Total post-employment benefits	69,380	73,669
Other long-term benefits		
Long-service leave	151,104	65,702
Total long-term benefits	151,104	65,702
Termination benefits	-	-
Total Remuneration	779,935	728,140

No termination benefit or share based payments or bonuses were received by key personnel or other officeholders.

The officeholders received no 'non cash' benefits not included in remuneration (2018: \$nil). No officeholder of the Branch during the year and/or in the prior year had any material personal interest in a matter that he/she has or did acquire, or a relative of the officeholder has or did acquire.

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16. Related Party Information (Cont'd)

c. Key Management Personnel Remuneration for the Reporting Period (Cont'd)

No officeholder or officer of the Branch (this year or last year) received any remuneration in their own name because they were a member of, or held position with a Board or other organisation because: -

- i) The officeholder held such a position with the Board or other organisation only because they were an officeholder of the Branch; or
- ii) They were nominated for the position by the Branch; or
- iii) They received remuneration from any third party, in connection with the performance of their duties as an officeholder of the Branch.

Directors fees received by officeholders in their positions as directors of other entities and passed on directly to the Union amounted to \$163,583 (2018: \$174,645).

- d. All transactions between the Committee Members and the Union were conducted on normal commercial terms in respect of subscriptions and the supply of other goods and services.

- e. Transactions with Federal Office, Branches and Related entities.

Per Capital Payment	2019 \$	2018 \$
During the year, the Victorian Branch of the Union paid to the Federal Office a per capital payment calculated in accordance with the rules.	260,386	175,190
It received service fees from NSW Branch of the Union on commercial terms and conditions.	112,837	6,038
Rental Income on Investment Properties - PICAC Ltd	569,268	557,829
Rental Income on office – CEPU National Office	20,649	12,976

- f. Related Party balances at year end.

	2019 \$	2018 \$
Amounts receivable/(payable) at reporting date – Federal office and other branches		
PTEU Federal Branch	(960,480)	(876,107)
PTEU Western Australia Branch	66,901	54,806
PTEU New South Wales Branch	908,954	-
CEPU National Office	500	500
CEPU Electrical Division	2,392	1,196
CEPU Communications Division	(47,294)	-
	(29,027)	(819,605)
Training Fees receivable – related entity PJTF Ltd	378,474	314,497
Cost recoverable – related entity PICAC Ltd	12,960	-
Other Receivables/(Payables) – related entities CEPUTEK Ltd	6,128,005	5,069,242

* All related entity loans are unsecured, except if stated otherwise.

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16. Related Party Information (Cont'd)

g. Branch Receivables / Payables - Movements

	2019	2018
	\$	\$
Balance Reconciliation - Branches		
Federal Office		
Carrying amount at beginning of the year	(876,107)	(784,282)
Capita charge	(260,386)	(175,190)
Receipts	-	(212,796)
Payments made	176,013	296,161
Carrying amount at end of the year	(960,480)	(876,107)
Western Australia Branch		
Carrying amount at beginning of the year	54,806	11,575
Levy charge	-	-
Sundry charges	-	(933)
Sundry income	-	-
Receipts	-	(13,050)
Loans made	-	42,471
Payments made	12,095	14,743
Carrying amount at end of the year	66,901	54,806
New South Wales Branch		
Carrying amount at beginning of the year	-	-
Payments Made	920,000	-
Interest Charged	11,454	-
Receipts	(22,500)	-
Carrying amount at end of the year	908,954	-
CEPU National Office		
Carrying amount at beginning of the year	500	500
Sundry income	-	-
Receipts	-	-
Carrying amount at end of the year	500	500
CEPU Electrical Division		
Carrying amount at beginning of the year	1,196	-
Sundry income	1,196	1,196
Receipts	-	-
Carrying amount at end of the year	2,392	1,196
CEPU Communications Division		
Carrying amount at beginning of the year	-	-
Sundry charges	(47,294)	-
Carrying amount at end of the year	(47,294)	-

17. Donations

	2019	2018
	\$	\$
Political Parties	206,500	65,000
Other	20,950	38,158
	227,450	103,158
Donations < \$1,000	1,890	7,018
Donations > \$1,000	225,560	96,140
	227,450	103,158

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18. Affiliation Fees

	2019 \$	2018 \$
Australian Labour Party - Victorian Branch	61,108	62,818
CEPU National Office		32,231
Victorian Trades Hall Council	91,230	90,197
North East & Border Trades & Labour Council	880	880
Golburn Valley Trades & Labour Council	338	56
South West Trades & Labour Council	300	186
Geelong & Region Trade Hall Council	4,849	3,539
Ballarat Trades Hall Council	2,114	2,318
Gippsland Trades & Labour Council	464	464
Bendigo Trades Hall Council	540	540
	161,823	193,229

19. Commitments

Capital expenditure commitments as at 31 March 2019 are \$nil (2018: \$nil).

20. Contingent Liability

There was no contingent liability at 31 March 2019 (2018: \$nil).

21. Segment Reporting

The Union Provides services to members employed in executing plumbing, gas fitting, pipe fittings and domestic engineering works in the state of Victoria.

22. Other Matters

The Union does not have any agreement to provide financial support to another reporting unit to ensure its ability to continue as a going concern other than PTEU WA Branch. It did not receive any financial support from any other reporting unit.

The Union has not acquired an asset or liability as a result of an amalgamation under Part 2 of Chapter 3 of the Fair Work (Registered Organisations) Act 2009, a restructure of reporting units, or a determination or revocation by the General Manager, Fair Work Commission.

The Union did not acquire assets or liabilities as part of a business combination.

The affairs of the Branch were not administered by another reporting unit. No payments were made by the reporting unit to former related parties in 2019 (2018 :\$nil).

23. Union's Details

The principal place of business of the branch is:

52 Victoria Street
CARLTON VIC 3053.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

24. Financial Instruments

a. Financial Risk Management

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

The Union's does not have any derivative instruments at 31 March 2019 (2018: \$nil).

The purpose of the financial instruments is to raise finances for the operations of the entity.

i) Treasury Risk Management

The Committee of Management meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii) Financial Risk

The main risks the Union's is exposed to through its financial instruments are liquidity risk, interest rate risk and credit risk.

Foreign Currency

The Union's is not exposed to fluctuations in foreign currency.

Liquidity Risk

The Union's manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of provisions for impairment of those assets as disclosed in the statement of financial position and notes to the financial statements.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

24. Financial Instruments (cont'd)

iii) Interest Rate Risk

The Union's exposure to interest rate risks and the effective interest rates of financial assets and liabilities both recognised and unrecognised are as follows:

Financial Instruments	Floating Interest Rate		Fixed Interest Rate maturing in: less than 1 year		Fixed Interest Rate maturing in: 1 year or more		Non Interest Bearing		Total Carrying Amount as per Statement of Financial Position		Weighted Average Effective Interest Rate	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 %	2018 %
Financial Assets												
Cash and Cash Equivalents	1,889,226	4,303,923	-	-	-	-	4,600	4,600	1,893,826	4,308,523	1.75	1.70
Receivables	-	-	45,587	-	863,367	-	6,633,380	5,608,590	7,496,747	5,608,590	-	-
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,889,226	4,303,923	-	-	863,367	-	6,637,980	5,613,190	9,390,573	9,917,113		
Financial Liabilities												
Interest Bearing Debt Payables	-	-	12,140	12,140	23,095	34,690	-	-	35,235	46,830	4.84	4.84
Non Interest Bearing Liabilities	-	-	-	-	-	-	345,049	1,336,751	345,049	1,336,751	-	-
	-	-	-	-	-	-	961,293	876,107	961,293	876,107	-	-
Total	-	-	12,140	12,140	23,095	34,690	1,306,342	2,212,858	1,341,577	2,259,688		
Net Financial Assets/(Liabilities)	1,889,226	4,303,923	(12,140)	(12,140)	840,272	(34,690)	5,331,638	3,400,332	8,048,996	7,657,425		

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

24. Financial Instruments

b. Net Fair Values

The net fair value of investments in commercial bills/securities at 31 March 2019 is estimated at \$nil (carrying amount \$nil). The net fair value of the Union's other financial assets and financial liabilities are not significantly different from the class of assets and liabilities as disclosed above and recognised in the statement of financial position as at 31 March 2019.

c. Sensitivity Analysis

Interest rate risk

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 equity which could result from a change in this risk.

Interest rate sensitivity analysis

At 31 March 2019, the effect on profit and equity as a result of changes in the interest, with all other variable remaining constant, would be as follows:

	2019 \$	2018 \$
Change in profit		
Increase in interest rate by 2%	37,785	86,078
Decrease in interest rate by 2%	(37,785)	(86,078)
Change in equity		
Increase in interest rate by 2%	37,785	86,078
Decrease in interest rate by 2%	(37,785)	(86,078)

25. Fair Value Measurement

The Union measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- freehold land and buildings.

The Union does not subsequently measure any assets or liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

25. Fair Value Measurement (Cont'd)

a. Fair Value Hierarchy (Cont'd)

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Union selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected are consistent with one or more of the following valuation approaches:-

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Union gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Union's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation with the fair value hierarchy.

Note	31 March 2019			Total
	Level 1 \$	Level 2 \$	Level 3 \$	
Recurring fair value measurements				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	-	-	-
Total financial assets recognised at fair value	-	-	-	-
<i>Non-financial assets</i>				
Freehold land & buildings	-	7,365,121	-	-
Total non-financial assets recognised at fair value	-	7,365,121	-	-

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

25. Fair Value Measurement (Cont'd)

a. Fair Value Hierarchy (Cont'd)

	Note	Level 1 \$	31 March 2018 Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
<i>Financial assets</i>					
Financial assets at fair value through profit or loss:		-	-	-	-
Available-for-sale financial assets:		-	-	-	-
Total financial assets recognised at fair value		-	-	-	-
<i>Non-financial assets</i>					
Freehold land & buildings		-	7,477,147	-	-
Total non-financial assets recognised at fair value		-	7,477,147	-	-

b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 31 March 2019 \$	Fair Value at 31 March 2018 \$	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>				
Financial assets at fair value through profit or loss:	7,365,121	7,477,147	Market approach using recent observable market data or income approach using discounted cash flows	Price per square metre, market borrowing rate
Available-for-sale financial assets:	-	-	Market approach using recent observable market data or discounted cashflows	Price per share, market borrowing rate
	7,365,121	7,477,147	-	-

c. Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values approximate book value as disclosed in the notes:-

- accounts receivable and other debtors;
- accounts payable and other payables; and
- hire purchase liabilities.

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation techniques(s) and inputs used:

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (cont'd)**

25. Fair Value Measurement (Cont'd)

c. Disclosed Fair Value Measurements (cont'd)

Description	Fair Value at Hierarchy Level	Valuation Technique(s)	Inputs Used
<i>Assets</i>			
Accounts receivable and other debtors	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
<i>Liabilities</i>			
Accounts payable and other payables	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Hire purchase liabilities	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

26. Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years.

27. Fund Analysis

For the financial year ended 31 March 2019, there was no applicable fund or account operated in respect of compulsory levies, voluntary contributions or required by the rules of the Branch and there was no transfer and/or withdrawal from a fund, account, asset or controlled entity which is kept for a specific purpose unless otherwise described in this report.

INDEPENDENT AUDIT REPORT

To the Members of Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia Plumbing Division – Victorian Branch

Report on the Audit of the Financial Report***Auditor's Opinion***

We have audited the accompanying general purpose financial report of the Branch, which comprises the statement of financial position as at 31 March, 2019, and the statement of comprehensive income, statement of cash flows, statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes, the Committee of Management Statement, the subsection 255(2A) and the Officer Declaration Statement.

In our opinion under the Fair Work (Registered Organisations) Act 2009 (RO Act), the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- a) Australian Accounting Standards, and Australian Accounting Interpretations; and
- b) Any other requirements imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

In our opinion, there were kept by the organisation satisfactory accounting records detailing the source and nature of all income and the nature of all expenditure.

As part of our audit of the organisation for the year ended 31 March 2019, we are of the opinion that the Committee of Management's use of the going concern basis of accounting in the preparation of its financial statements is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Branch in accordance with the independence requirements of Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

We confirm that the independence declaration, which has been given to the Committee of Management, would be in the same terms if given to the Committee as at the time of this auditor's report.

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

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

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

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

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

INDEPENDENT AUDIT REPORT (Cont'd)

Committee of Management Responsibility for the Financial Report

The Branch Committee of Management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the RO Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and true and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are responsible in the circumstances.

In preparing the financial report, the Committee of Management are responsible for assessing the Branch'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 intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the auditing 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 Branch'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 Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch 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 business activities within the Branch to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Branch audit. We remain solely responsible for our audit opinion.


INDEPENDENT AUDIT REPORT (Cont'd)

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

We also provide the Committee of Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.

We declare that Michael Shulman is a registered auditor under the RO Act.


Stannards Accountants and Advisors
Michael Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2017/45)
Dated: 7 May 2019