

**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 2020**

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 2020**

**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 \$683,539 (2019: profit of \$55,880). 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 \$13.85 million (2019: \$13.17 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 2020, the number of members of the organisation recorded in the register of members was 10,017 (2019: 9,666).

**Number of Employees**

As at 31 March 2020, the number of full time equivalent employees was 23 (2019: 26).

**Committee of Management**

The Committee of Management members were as follows: -

G Menzies	(25.6.19 – 31.3.20)	S Marks	(25.6.19 – 31.3.20)
N Ottobre	(1.4.19 – 31.2.19)	E Setches	(1.4.19 – 31.3.20)
C Delidakis	(1.4.19 – 31.3.20)	P McCrudden	(1.4.19 – 31.3.20)
R Menzies	(1.4.19 – 25.6.19)	T Smart	(1.4.19 – 31.3.20)
B Jovanovski	(1.4.19 – 25.6.19)	R Vaughan	(1.4.19 – 31.3.20)
I Marris	(1.4.19 – 31.3.20)	B Rendina	(1.4.19 – 25.6.19)
J Sanders	(1.4.19 – 31.3.20)	M. Robbins	(1.4.19 – 25.6.19)
K Fitzgerald	(1.4.19 – 25.6.19)	A Wallace	(25.6.19 – 31.3.20)
M Loebert	(25.6.19 – 31.3.20)	R Russell	(25.6.19 – 31.3.20)
C May	(25.6.19 – 31.3.20)	P Andriske	(1.4.19 – 25.6.19)
T Jovic	(25.6.19 – 31.3.20)	M Stevens	(25.6.19 – 31.3.20)

**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 2020 (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	CBUS	Director	Superannuation	Yes
Paddy McCrudden	Co-Invest	Director	Long Service Leave	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 2<sup>nd</sup> day of June 2020

**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 2<sup>nd</sup> June 2020 in relation to the general purpose financial report of the reporting unit for the financial year ended 31 March 2020.

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 Fair Work 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 2<sup>nd</sup> day of June 2020

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 2020

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 ; and
- (iii) That the full report was presented to a meeting of the committee of management of the reporting unit on in accordance with Section 266 of the *Fair Work (Registered Organisations) Act 2009*.


.....  
Earl Setches - Secretary  
Designated Officer

Dated this       day of       2020

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 (including \$nil activities) required to be disclosed during the reporting period ended 31 March 2020 have been disclosed in the financial report.

  
.....  
Earl Setches - Secretary  
Designated Officer

Dated: 2<sup>nd</sup> June 2020


**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 2020 there have been: -

- (iv) no contraventions of the auditor independence requirements in relation to the audit; and
- (v) 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 2nd day of June 2020



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 2020

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 2020.

	2020 \$	2019 \$
<b>CATEGORIES OF EXPENDITURE</b>		
Remuneration and other employment-related costs and		
Expenses - employees	4,210,017	4,177,467
Advertising	186,723	179,068
Operating Costs	2,392,886	2,519,634
Donations to Political Parties	175,000	208,500
Legal Costs	26,960	29,889
<b>Total</b>	<b>6,991,586</b>	<b>7,112,556</b>

  
Earl Setchos - Secretary  
Designated Officer

Dated this 2<sup>nd</sup> day of June 2020

**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 2020**

	2020 \$	2019 \$
<b>Revenue</b>		
Membership Subscriptions	4,819,630	4,347,014
Enrolment Fees	-	-
Rental Income from Investment Property Activities	600,765	589,917
Directors' Fees	189,897	163,583
Work Safe and Aboriginal Grants Income	478,415	432,811
Costs Recovered from Training, Education Centres and Others	1,348,517	1,381,332
Sundry Income	191,733	175,649
Profit on disposals of fixed assets	6,384	13,200
Donations	-	-
Other Grants	-	-
Levies	-	-
Capitation Fees	-	-
<b>Total Revenue</b>	<b>7,635,341</b>	<b>7,103,506</b>
<b>Expenses</b>		
<b>Affiliations</b>		
ALP (Political Party)	53,632	61,108
CEPU National Office	70,581	-
VTHC	71,285	91,230
Regional Trade Councils / Other	7,512	9,485
<b>Administrative Services</b>		
Advertising	186,723	179,066
Audit Fees – Financial Report	13,900	10,000
– Other Services	6,975	700
Compliance Fees	-	600
Bank and Other Finance Charges	39,759	44,018
Bad Debts and Doubtful Debts	-	-
Cleaning and Security Services	55,146	60,946
Committee Fees	15,857	4,220
Computer Programming Expenses	96,291	59,133
Depreciation & Amortisation (includes assets <\$1,000 written off)	277,568	313,767
Fringe Benefit Tax	108,162	115,686
Grants	-	-
Interest Paid	3,115	990
Insurance	107,829	111,270
Land Tax	23,822	(50,301)
Legal Fees – Litigation	26,960	29,889
Legal Fees – Other Matters	-	-
Professional Services	128,112	193,994
Electricity	11,082	10,172
Repairs and Maintenance	19,963	15,279
Motor Vehicles Expenses	112,507	112,020
Payroll Tax	223,576	209,390
Penalties – via RO Act or Regulations	-	-
Postage and Mail Outs	119,391	51,093
Printing and Stationery	234,224	337,786
Annual Leave	16,221	37,671
Long Service Leave and Retiring Allowances	(328,838)	103,425

The accompanying notes form part of this Financial Report

(continued)

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

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2020**

	2020 \$	2019 \$
Rates	12,788	7,573
Rent	1,102	6,269
Salaries and Wages	4,076,877	3,571,568
Staff Training	166,781	116,136
Sundries	172,677	116,777
Superannuation	445,757	464,803
Telephone and Internet Services	53,018	64,134
Travel and Accommodation	45,212	60,597
Fines	1,419	3,139
Fitness and Clothing Allowances	27,308	22,543
Other Allowances	-	17,027
Debt Collection Expenses	-	-
Staff Amenities	11,600	7,213
Consideration to Employers For Making Payroll Deductions	-	-
Compulsory Levies	-	-
Meetings and Conferences	-	-
	<u>6,715,894</u>	<u>6,570,415</u>
Per Capita Payment to National Office	(10,278)	280,386
	<u>6,705,616</u>	<u>6,830,801</u>
Total Expenses		
	<u>6,705,616</u>	<u>6,830,801</u>
Profit / (Loss) for Year	929,725	272,705
Fair Value Adjustments to Property	-	-
Net Profit / (Loss) available for appropriation between General and Incidental Fund	929,725	272,705
Net (Expenses) / Revenue from other Funds	(246,186)	(216,825)
Net Profit for the Year	<u>683,539</u>	<u>55,880</u>

The accompanying notes form part of this Financial Report

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

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

	2020 \$	2019 \$
Profit / (Loss) for the period	683,539	55,880
Other comprehensive income for the period	-	-
Total comprehensive income for the period	683,539	55,880
Total comprehensive income attributable to: Members of the organisation	683,539	55,880

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 2020**

	Notes	2020 \$	2019 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	4	2,147,588	1,893,826
Receivables	5	6,974,855	6,633,380
Inventory	1(b)	50,911	64,277
Other	6	79,068	70,089
Loan - CEPU WA		67,278	67,278
<b>Total Current Assets</b>		<b>9,319,700</b>	<b>8,728,850</b>
<b>Non Current Assets</b>			
Receivables	5	817,785	863,367
Property, Plant and Equipment	7	2,297,795	2,467,160
Investment Property	9	5,144,027	5,218,757
Website Development	8	8,700	12,740
<b>Total Non Current Assets</b>		<b>8,268,307</b>	<b>8,562,024</b>
<b>Total Assets</b>		<b>17,588,007</b>	<b>17,290,874</b>
<b>Current Liabilities</b>			
Payables	10	541,148	345,049
Interest Bearing Debt	13	12,140	12,140
Non Interest Bearing Liabilities	11	700,917	961,293
Provisions	12	2,378,951	2,706,678
<b>Total Current Liabilities</b>		<b>3,633,154</b>	<b>4,025,160</b>
<b>Non Current Liabilities</b>			
Provisions	12	89,110	74,000
Interest Bearing Debt	13	13,585	23,095
<b>Total Non Current Liabilities</b>		<b>102,695</b>	<b>97,095</b>
<b>Total Liabilities</b>		<b>3,735,849</b>	<b>4,122,255</b>
<b>Net Assets</b>		<b>13,852,158</b>	<b>13,168,619</b>
<b>Equity</b>			
Defence Fund		3,038,392	3,033,285
General Fund		5,976,808	5,347,679
Incidental Fund		3,163,338	2,848,943
Special Purpose Fund		(84,232)	180,860
Asset Revaluation Reserve		1,757,852	1,757,852
<b>Total Equity</b>		<b>13,852,158</b>	<b>13,168,619</b>

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 2020**

	2020 \$	2019 \$
Accumulated Profit / (Deficit) – Beginning of Year	683,639	55,880
Profit / (Loss) for the Year		
Distribution to: -		
Defence Fund	(5,107)	(11,933)
General Fund	(629,129)	(202,216)
Incidental Fund	(314,395)	(101,658)
Special Purpose Fund	265,092	259,927
Total Accumulated Profit / (Deficit) – End of the Year		-

	Defence Fund	General Fund	Incidental Fund	Special Purpose Fund	Asset Revaluation Reserve	Total
2020	\$	\$	\$	\$	\$	\$
Balance – Start of Period	3,033,285	5,347,679	2,848,943	180,860	1,757,852	13,168,619
Net Surplus / (Deficit)	5,107	629,129	314,395	(265,092)	-	683,539
Balance – End of Period	3,038,392	5,976,808	3,163,338	(84,232)	1,757,852	13,852,158

	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

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 2020**

	Notes	2020 Inflows/ (Outflows) \$	2019 Inflows/ (Outflows) \$
<b>Cash flows from Operating Activities</b>			
Contributions and enrolment fees from Members		4,546,446	4,129,104
Interest Received		19,209	44,665
Grants Received		478,415	432,811
Levies Received		-	-
Other Income		191,733	175,649
Directors' Fees		189,897	163,583
Rent Received – Investment Property		600,765	589,917
Amounts recharged and recouped		1,310,431	1,317,355
Payments to CEPU NSW Branch – Service Fees		(88,707)	(112,837)
Payments to Suppliers and Employees		(6,468,591)	(6,770,187)
Interest Paid		(3,115)	(990)
<b>Net Cash Provided by Operating Activities</b>	15	<u>776,483</u>	<u>(30,930)</u>
<b>Cash flows from Investing Activities</b>			
Payments for Property, Plant and Equipment and Investment Properties		(118,553)	(164,064)
Proceeds from Sale of Property, Plant and Equipment		95,504	13,200
<b>Net Cash Provided by / (Used in) Investing Activities</b>		<u>(23,049)</u>	<u>(150,864)</u>
<b>Cash flows from Financing Activities</b>			
Borrowings		(9,510)	(11,595)
Payments by/(to) Federal Office		(250,079)	(176,013)
Payments by/(to) CEPU WA Branch		3,749	(12,095)
Payments by/(to) PJTF Ltd		-	(63,977)
Loans by/(to) CEPU TEC Ltd		(300,000)	(1,000,000)
Payments by/(to) CEPU TEC Ltd		10,390	(58,763)
Loans by/(to) CEPU NSW Branch		90,000	(897,500)
Payments by/(to) PICAC Ltd		180	(12,960)
Payments by/(to) Other Branches		(44,402)	-
<b>Net Cash Provided by/(Used) in Financing Activities</b>		<u>(499,672)</u>	<u>(2,232,903)</u>
<b>Net Increase in Cash and Cash Equivalents</b>		<u>253,762</u>	<u>(2,414,697)</u>
<b>Cash and Cash Equivalents at Beginning of Year</b>		<u>1,893,826</u>	<u>4,308,523</u>
<b>Cash and Cash Equivalents at End of Year</b>	15	<u>2,147,588</u>	<u>1,893,826</u>

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 2020**

**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:

	2020	2019
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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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020 (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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020 (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 2020 (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**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Union commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified as "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15, *Revenue from Contracts with Customers*.

**Classification and subsequent measurement**

**Financial liabilities**

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in the profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

f

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**1. Summary of Accounting Policies (cont'd)**

**(m) Financial Instruments (cont'd)**

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

**Financial Assets**

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

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**1. Summary of Accounting Policies (cont'd)**

**(m) Financial Instruments (cont'd)**

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

**Equity instruments**

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Union's accounting policy.

**Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

**Derecognition of financial liabilities**

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities, is recognised in profit or loss.

**Derecognition of financial assets**

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

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**1. Summary of Accounting Policies (cont'd)**

**(m) Financial Instruments (cont'd)**

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through comprehensive income, the cumulative gain or loss previously accumulated in the Investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the profitability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the following approaches to impairment, as applicable under AASB9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

**General approach**

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- If the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- If there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for the financial instrument at an amount equal to 12-month expected credit losses.

**Simplified approach**

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.



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**1. Summary of Accounting Policies (cont'd)**

**(m) Financial Instruments (cont'd)**

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie delivery of its customer base, appropriate groupings of its historical loss experience, etc).

**Purchased or originated credit-impaired approach**

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the Union measures any change in lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

**Low credit risk operational simplification approach**

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

**Recognition of expected credit losses in financial statements**

At each reporting date, the Union recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

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**1. Summary of Accounting Policies (cont'd)**

**(m) Financial Instruments (cont'd)**

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Financial instruments are initially measured at cost on trade date, which includes the transaction costs, when the related contractual rights or obligations exist.

Subsequent to the initial recognition, the Committee of Management assess whether there is objective evidence that a financial instrument has been impaired. A prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen, impairment losses are recognised in the Income Statement.

**(n) Acquisition of assets and or liabilities that do not constitute a business combination**

The Union did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, or a restructure of the branches of the organisation, or a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

The union has not acquired assets or liabilities as part of a business combination.

**(o) 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.

**(p) New Accounting Standards for Application in Future Periods**

There are no new Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Union, that are expected to have a significant impact on the Union when adopted in future periods.

**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 2020 (cont'd)**

**3. Fund Analysis**

	2020 \$	2019 \$
<b>3.1 Defence Fund</b>		
<b>INCOME</b>		
Interest Received	5,107	11,933
Levies	-	-
Total Income	5,107	11,933
<b>MOVEMENT</b>		
Surplus for Year	5,107	11,933
Surplus B/Fwd	3,033,285	3,021,352
Accumulated Surplus	3,038,392	3,033,285
<b>3.2 General Fund</b>		
<b>INCOME</b>		
Interest Received	9,032	20,322
Net Surplus/(Deficit) transferred (2/3 of Net Profit / (Loss) from Ordinary Activities)	620,127	181,894
Total Income	629,159	202,216
<b>MOVEMENT</b>		
Surplus/(Deficit) for Year	629,159	202,216
Surplus B/Fwd	5,347,649	5,145,483
Accumulated Surplus	5,976,808	5,347,679
<b>3.3 Incidental Fund</b>		
<b>INCOME</b>		
Interest Received	4,796	10,850
Net Surplus/(Deficit) transferred (1/3 of Net Profit/ (Loss) from Ordinary Activities)	309,599	90,808
Total Income	314,395	101,658
<b>MOVEMENT</b>		
Surplus/(Deficit) for the Year	314,395	101,658
Surplus B/Fwd	2,848,943	2,747,285
Accumulated Surplus	3,163,338	2,848,943
<b>3.4 Special Purpose Fund</b>		
<b>INCOME</b>		
Interest Received	304	1,741
Sales of t-shirts / windcheaters	20,574	20,087
Total Income	20,878	21,828
<b>EXPENDITURE</b>		
Donations	222,601	227,450
T-shirts / windcheater purchases	63,369	54,305
Total Expenditure	285,970	281,755
<b>MOVEMENTS</b>		
(Deficit) / Surplus for the year	(265,092)	(259,927)
Surplus B/Fwd	180,860	440,787
Accumulated Surplus	(84,232)	180,860

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020 (cont'd)**

**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.

For the financial year ended 31 March 2020, 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 herein and in the Statement of Changes in Equity and Note 3.

There was no balance held within a general fund, nor any compulsory or voluntary contributions and funds invested in specific assets, except as disclosed herein and in the Statement of Changes in Equity and Note 3.

**4. Cash and Cash Equivalents**

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash at Bank	2,142,188	1,889,226
Cash on Hand	5,400	4,600
	<u>2,147,588</u>	<u>1,893,826</u>

**5. Receivables**

	<u>2020</u>	<u>2019</u>
	\$	\$
Sundry Debtors and Accrued Income	494,642	71,562
Amounts due from related parties (Including Training Centres)	6,480,213	6,561,818
	<u>6,974,855</u>	<u>6,633,380</u>
Received – Non current		
Amounts due from related parties (Secured)	817,785	863,367
Total Receivables	<u>7,792,640</u>	<u>7,496,747</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020 (cont'd)**

**5. Receivables (Cont'd)**

No receivables were impaired at reporting date (2018: \$nil).  
Receivables are aged as follows: -

Days	2020 \$	2019 \$
0 - 30	494,642	71,562
No set terms*	7,297,998	7,425,185
	<u>7,792,640</u>	<u>7,496,747</u>

\* No specific repayment terms set but classified based on expected repayment date.

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

**6. Other Current Assets**

	2020 \$	2019 \$
Prepayments	<u>79,068</u>	<u>70,089</u>

**7. Property, Plant and Equipment**

	2020 \$	2019 \$
Freehold Land		
At Valuation	1,105,650	1,105,650
At Cost	-	-
	<u>1,105,650</u>	<u>1,105,650</u>
Buildings on Freehold Land		
At Valuation	900,000	900,000
At Cost	591,800	591,801
Less: Accumulated Depreciation	(488,382)	(451,087)
	<u>1,003,418</u>	<u>1,040,714</u>
Motor Vehicles		
At Cost	716,112	793,120
Less: Accumulated Depreciation	(596,474)	(521,746)
	<u>119,638</u>	<u>271,374</u>
Furniture and Equipment		
At Cost	953,207	902,684
Less: Accumulated Depreciation	(883,918)	(853,599)
	<u>69,289</u>	<u>49,085</u>
Fixtures and Fittings		
At Cost	45,431	45,431
Less: Accumulated Depreciation	(45,431)	(45,094)
	<u>-</u>	<u>337</u>
Total Property, Plant and Equipment (Non Current)	<u>2,297,995</u>	<u>2,467,160</u>

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.

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FOR THE YEAR ENDED 31 MARCH 2020 (cont'd)**

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

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

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	-	-	-	-	-	-
Transfer to Website development	-	-	-	-	-	-
Depreciation Expense	-	(37,295)	(186,808)	(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
2020	Freehold Land \$	Buildings \$	Motor Vehicles \$	Furniture & Equipment \$	Fixtures & Fittings \$	Total \$
Carrying amount at beginning of year	1,105,650	1,040,714	271,374	49,085	337	2,467,160
Additions	-	-	68,230	50,323	-	118,553
Disposals	-	-	(89,120)	-	-	(89,120)
Depreciation Expense	-	(37,296)	(130,846)	(30,319)	(337)	(198,798)
Carrying amount at end of year	1,105,650	1,003,418	119,638	69,089	-	2,297,795

**8. Website Development Costs**

	2020 \$	2019 \$
Website development costs	20,200	20,200
Less: Accumulated amortisation	(11,500)	(7,460)
	8,700	12,740

**9. Investment Property**

	2020 \$	2019 \$
Carrying amount at the beginning of year	5,858,191	5,858,191
Less: Accumulated Depreciation	(714,164)	(639,434)
Carrying amount at the end of year	5,144,027	5,218,757

\* (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**

	2020 \$	2019 \$
Creditors and accruals	541,146	345,049
Consideration to employers for payroll deductions	-	-
Legal Costs - litigation	-	-
Legal Costs - other matters	-	-
	541,146	345,049

**11. Non Interest Bearing Liabilities**

	2020 \$	2019 \$
Amount Payable to Federal Office	700,917	961,293
	700,917	961,293

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020 (cont'd)**

**12. Provisions**

	2020 \$	2019 \$
<i>Current</i>		
Annual Leave	419,011	402,790
Long Service Leave and Retiring Allowances	1,959,940	2,303,888
	<u>2,378,951</u>	<u>2,706,678</u>
<i>Non Current</i>		
Long Service Leave and Retiring Allowances	89,110	74,000

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

	Annual Leave		Long Service Leave and Retirement Allowance		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Officeholders	193,029	138,434	1,294,610	847,198	1,487,639	985,632
Other Staff	225,982	264,356	754,440	1,530,690	980,422	1,795,046
Total	<u>419,011</u>	<u>402,790</u>	<u>2,049,050</u>	<u>2,377,888</u>	<u>2,468,061</u>	<u>2,780,678</u>

There are no other provisions for separation and redundancy or other provisions for officeholders or other employees (2019: \$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**

	2020 \$	2019 \$
Current	12,140	12,140
Non Current	13,585	23,095
	<u>25,725</u>	<u>35,235</u>

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	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Wages and Salaries	941,381	547,235	3,135,498	3,024,333	4,076,877	3,571,568
Annual Leave	54,595	12,216	(38,374)	25,455	16,221	37,671
Long Service Leave and Retirement Allowance	447,412	151,104	(776,250)	(47,679)	(328,838)	103,425
Superannuation	112,559	69,380	333,198	395,423	445,757	464,803
<b>Total</b>	<b>1,555,947</b>	<b>779,935</b>	<b>2,654,070</b>	<b>3,397,532</b>	<b>4,210,017</b>	<b>4,177,467</b>

Included in the above is \$581,399 of separation costs (redundancies \$nil) this year for other employees (2019: \$nil). No separation costs or redundancy costs were incurred in relation to officeholders (2019: \$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: -

	2020	2019
	\$	\$
Cash at Bank	2,142,188	1,889,226
Cash on Hand	5,400	4,600
	<b>2,147,588</b>	<b>1,893,826</b>

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

	Note	2020	2019
		\$	\$
<b>Net Profit / (Loss)</b>			
Defence Fund	3.1	5,107	11,933
General Fund	3.2	629,129	202,216
Incidental Fund	3.3	314,395	101,658
Special Purpose Fund	3.4	(265,092)	(259,927)
		<b>683,539</b>	<b>55,880</b>
<b>Non Cash Items</b>			
Depreciation & Amortisation		277,568	313,767
Provisions		(312,617)	141,096
(Profit) / Loss on Disposal of Non Current Assets (net)		(6,384)	(13,200)
Per Capita Charge		(10,278)	260,386
Other Non Cash Related Party Items		32,112	34,641
<b>Changes in Operating Assets and Liabilities</b>			
(Increase)/Decrease in Prepayments		(8,979)	(3,393)
(Increase)/Decrease in Inventory		13,366	13,285
Increase/(Decrease) in Trade Creditors and Accruals		146,242	(1,050,274)
(Increase)/Decrease in Sundry Debtors and GST Receivables		(38,086)	216,882
<b>Net Cash Provided by Operating Activities</b>		<b>776,483</b>	<b>(30,930)</b>

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**16. Related Party Information**

a. The names or persons who are now part of the Committee of Management are: -

President  
G. Menzies

Vice-President  
T. Smart

Trustee  
C. Delidakis

Trustee  
R. Vaughan

Secretary  
E. Setches

Assistant Secretary  
P. McCrudden & A. Wallace

Committee of Management  
I. Marris      M. Loebert  
C. May        N. Ottobre  
J. Sanders    R. Russell  
T. Jovic       S. Marks  
M. Stevens

Messrs M Robbins, R Menzies, B Rendina, K Fitzgerald, P Andristo and B. Jovanovski retired from office during the year.

b. Key Management Personnel Remuneration for the Reporting Period

Remuneration for the Reporting Period	2020 \$	2019 \$
<b>Short-term employee benefits</b>		
Salary	941,381	547,235
Annual leave	54,595	12,216
Performance bonus	-	-
<b>Total short-term employee benefits</b>	<b>995,976</b>	<b>559,451</b>
<b>Post-employment benefits</b>		
Superannuation	112,559	69,380
<b>Total post-employment benefits</b>	<b>112,559</b>	<b>69,380</b>
<b>Other long-term benefits</b>		
Long-service leave	447,412	151,104
<b>Total long-term benefits</b>	<b>447,412</b>	<b>151,104</b>
Termination benefits	-	-
<b>Total Remuneration</b>	<b>1,555,947</b>	<b>779,935</b>

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 (2019: \$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 \$xx (2019: \$163,583).

- 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.

<b>Per Capital Payment</b>	<b>2020 \$</b>	<b>2019 \$</b>
During the year, the Victorian Branch of the Union paid to the Federal Office a per capital payment calculated in accordance with the rules.	(10,278)	280,386
It received service fees from NSW Branch of the Union on commercial terms and conditions.	88,707	112,837
Rental Income on Investment Properties - PICAC Ltd	580,116	569,268
Rental Income on office - CEPU National Office	20,649	20,649

- f. Related Party balances at year end:

	<b>2020 \$</b>	<b>2019 \$</b>
Amounts receivable/(payable) at reporting date - Federal office and other branches		
PTEU Federal Branch	(700,123)	(960,480)
PTEU Western Australia Branch	63,152	66,901
PTEU New South Wales Branch	863,368	908,954
CEPU National Office	(36,562)	500
CEPU Electrical Division	2,455	2,392
CEPU Communications Division	(50,924)	(47,294)
	<u>141,366</u>	<u>(29,027)</u>
Training Fees receivable - related entity PJTF Ltd	-	378,474
Cost recoverable - related entity PICAC Ltd	-	9,087
Other Receivables/(Payables) - related entities CEPUTEC Ltd	<u>6,417,616</u>	<u>6,127,004</u>

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



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FOR THE YEAR ENDED 31 MARCH 2020 (cont'd)**

**16. Related Party Information (Cont'd)**

**g. Branch Receivables / Payables - Movements**

	2020 \$	2019 \$
Balance Reconciliation - Branches		
Federal Office		
Carrying amount at beginning of the year	(960,480)	(876,107)
Capita charge	10,278	(260,386)
Receipts	-	-
Payments made	250,079	176,013
Carrying amount at end of the year	(700,123)	(960,480)
Western Australia Branch		
Carrying amount at beginning of the year	66,901	54,806
Levy charge	-	-
Sundry charges	-	-
Sundry income	-	-
Receipts	(5,581)	-
Loans made	-	-
Payments made	1,812	12,095
Carrying amount at end of the year	63,162	66,901
New South Wales Branch		
Carrying amount at beginning of the year	908,954	-
Payments Made	-	920,000
Interest Charged	44,414	11,454
Receipts	(90,000)	(22,500)
Carrying amount at end of the year	863,368	908,954
CEPU National Office		
Carrying amount at beginning of the year	500	500
Sundry charges	(36,562)	-
Receipts	(500)	-
Carrying amount at end of the year	(36,562)	500
CEPU Electrical Division		
Carrying amount at beginning of the year	2,392	1,196
Sundry income	2,455	1,196
Receipts	(2,392)	-
Carrying amount at end of the year	2,455	2,392
CEPU Communications Division		
Carrying amount at beginning of the year	(47,294)	-
Sundry charges	(50,924)	(47,294)
Payments made	47,294	-
Carrying amount at end of the year	(50,924)	(47,294)

**17. Donations**

	2020 \$	2019 \$
Political Parties	175,000	206,600
Other	47,601	20,950
	222,601	227,450
Donations ≤ \$1,000	1,873	1,890
Donations > \$1,000	220,728	225,560
	222,601	227,450

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**18. Affiliation Fees**

	2020 \$	2019 \$
Australian Labour Party - Victorian Branch	53,632	61,108
CEPU National Office	70,581	-
Victorian Trades Hall Council	71,285	91,230
North East & Border Trades & Labour Council	880	880
Golburn Valley Trades & Labour Council	280	338
South West Trades & Labour Council	-	300
Geelong & Region Trade Hall Council	3,670	4,849
Ballarat Trades Hall Council	1,589	2,114
Gippsland Trades & Labour Council	464	464
Bendigo Trades Hall Council	629	540
	<b>203,010</b>	<b>161,823</b>

**19. Commitments**

Capital expenditure commitments as at 31 March 2020 are \$nil (2019: \$nil).

**20. Contingent Liability**

There was no contingent liability at 31 March 2020 (2019: \$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 2020 (2019: \$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  
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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 2020 (2019: \$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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020 (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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial Assets												
Cash and Cash Equivalents	2,142,188	1,889,226	-	-	-	-	-	-	2,147,588	1,893,826	1.70	1.75
Receivables	-	-	45,582	45,587	817,785	863,367	5,400	4,600	7,792,640	7,496,747		
Other Financial Assets	-	-	-	-	-	-	-	-	-	-		
Total	2,142,188	1,889,226	45,582	45,587	817,785	863,367	6,934,673	6,592,393	9,940,228	9,390,573		
Financial Liabilities												
Interest Bearing Debt	-	-	12,140	12,140	13,585	23,095	-	-	25,725	35,235	4.84	4.84
Payables	-	-	-	-	-	-	541,146	345,049	541,146	345,049		
Non Interest Bearing Liabilities	-	-	-	-	-	-	700,917	961,293	700,917	961,293		
Total	-	-	12,140	12,140	13,585	23,095	1,242,063	1,306,342	1,267,788	1,341,577		
Net Financial Assets/(Liabilities)	2,142,188	1,889,226	33,442	33,447	804,200	840,272	5,692,610	5,286,051	8,672,440	8,048,996		

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**24. Financial Instruments**

**b. Net Fair Values**

The net fair value of investments in commercial bills/securities at 31 March 2020 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 2020.

**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 2020, the effect on profit and equity as a result of changes in the interest, with all other variable remaining constant, would be as follows:

	2020 \$	2019 \$
Change in profit		
Increase in interest rate by 2%	42,844	37,785
Decrease in interest rate by 2%	(42,844)	(37,785)
Change in equity		
Increase in interest rate by 2%	42,844	37,785
Decrease in interest rate by 2%	(42,844)	(37,785)

**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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**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 2020			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
<b>Recurring fair value measurements</b>				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	-	-	-
<b>Total financial assets recognised at fair value</b>	-	-	-	-
<i>Non-financial assets</i>				
Freehold land & buildings	-	7,253,095	-	7,253,095
<b>Total non-financial assets recognised at fair value</b>	-	7,253,095	-	7,253,095

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**25. Fair Value Measurement (Cont'd)**

**a. Fair Value Hierarchy (Cont'd)**

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

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

Description	Fair Value at 31 March 2020 \$	Fair Value at 31 March 2019 \$	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>				
Financial assets at fair value through profit or loss:	7,253,095	7,365,121	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
	7,253,095	7,365,121		

**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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FOR THE YEAR ENDED 31 MARCH 2020 (cont'd)**

**25. Fair Value Measurement (Cont'd)**

**c. Disclosed Fair Value Measurements (cont'd)**

<b>Description</b>	<b>Fair Value at Hierarchy Level</b>	<b>Valuation Technique(s)</b>	<b>Inputs Used</b>
<i>Assets</i>			
Accounts receivable and other debtors	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets

<b>Description</b>	<b>Fair Value at Hierarchy Level</b>	<b>Valuation Technique(s)</b>	<b>Inputs Used</b>
<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. Other Matters**

No revenue was received from undertaking recovery of wages activities. The Union did not pay fees or allowances to attend conferences or meetings as a representative of the reporting unit.



## 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, 2018, 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 2020, 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>.

No revenue has been derived from undertaking recovery of wages activity during the 2020 financial year.

I declare that I am an auditor registered 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: 2/6/20