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

ABN 71 649 076 521

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

COMMITTEE OF MANAGEMENT'S OPERATING REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Operating Report

The Committee of Management presents its report on the operations of the Communications, Electrical, Electronic, Energy, Information, Postal, Pluming and Allied Services Union of Australia – Electrical, Energy and Services Division - South Australian Branch (the Branch) for the financial year ended 31 December 2019.

Principal Activities

The principal activities of the Branch during the year fell in the following categories:

- Organising existing members and new members
- Bargaining, negotiating and arbitrating for improvements in wages and conditions of employment for members of the Branch.
- Representing members in work related grievances or other matters
- Undertaking training and development for delegates of the Branch.

Over the year the Branch negotiated many Collective Agreements delivering improvements in wages and conditions to CEPU – Electrical, Energy and Services Division – South Australian Branch members.

There have been no changes in the principal activities of the Branch during the year.

Operating Result

The statutory surplus for the financial year amounted to $200,414. No provision for tax was necessary as the Branch is considered exempt.

Significant Changes in Financial Affairs

During the year the following significant changes in financial affairs occurred:

1. The Branch invested $1,000,000 into a managed investment fund. It is anticipated that over time the fund will support the Branch's operations by provided a yield that is greater than the term deposit rate.

2. The Branch's Joint Venture (being the 50% purchase of the 87 St Vincent Street Unit Trust – which owns the land and building located at 87 St Vincent Street, Port Adelaide) revalued its land and buildings during the year. As a result, the land and building was valued at 30 June 2019 at $2,850,000 which equated to an unrealised gain of $754,546 recorded during they year (of which $377,273 or 50% is attributable to the Branch).

3. The Branch adopted AASB 16 – Leases on 1 January 2019. The adoption of this new standard has resulted in the Branch recording a right of use asset and lease liability of $1,152,837. In accordance with accounting standards, the Branch is amortising the right to use liability over the term of the lease (being 10 years) as well as unwinding the lease liability. This has resulted in a charge of $115,284 with respect to amortisation expense and $53,953 in interest expense during the 2019 financial year.

After Balance Date Events
No matters or circumstances other than those described in Note 2 – Events After the Reporting Date have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Branch, the results of those operations or the state of affairs of the Branch in future financial years.

Future Developments
Likely developments in the operations of the Branch or the expected result of those operations in future financial years have not been included in this report as such information is likely to result in unreasonable prejudice to the Branch.

Environmental Issues
The Branch's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Members Right to Resign
The right of members to resign from the Branch is set out in the Rules of the CEPU – Electrical Division. A member may resign membership by written notice addressed and delivered to the Branch Secretary.

Number of Employees
The number of persons who were, at the end of the period to which the report relates, employees of the Branch, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis is 9.21.

Number of Members
Total number of members at 31 December 2019: 3,349.

Officer or Members who are superannuation Fund Trustees/ Directors of a Company that is a Superannuation fund Trustee
Those who hold a position of trustee or director of an entity, scheme or company as described in s.254 (2)(d) of the *Fair Work (Registered Organisations) Act 2009*, where a criterion of such entity is that the holder of such position must be a member or official of a registered organisation are as follows:

Name	Position	Superannuation Fund
John Adley	Branch Secretary	Electricity Industry Superannuation Scheme T/AS Electricsuper (Member Director – resigned 31 March 2019)
Benjamin Jewel	Branch Organiser	Electricity Industry Superannuation Scheme T/AS Electricsuper (Member Director – Appointed 1 April 2019)

Members of the Committee of Management
The name of each person who has been a member of the Committee of Management of the Branch at any time during the reporting period, and the period for which he or she held such as position is as follows:

Name	**Position**	**Period of Office**
Jason Harrison	Branch President	01/01/19 – 31/12/19
Darren Brenton	Branch Vice President Committee Member	01/01/19 – 18/09/19 01/01/19 – 31/12/19
Daniel Ramm	Branch Vice President Committee Member	18/09/19 – 31/12/19 01/01/19 – 31/12/19
John Adley	Branch Secretary	01/01/19 – 31/12/19
Bruce Chambers	Committee Member	01/01/19 – 24/07/19
Patrick Skeer	Committee Member	01/01/19 – 31/12/19
Alistair Carroll	Committee Member	01/01/19 – 24/07/19
Andrew Howells	Committee Member	01/01/19 – 31/12/19
Alex Capper	Committee Member	01/01/19 – 24/07/19
Andrew Nagel	Committee Member	01/01/19 – 31/12/19
Wayne Weekes	Committee Member	01/01/19 – 28/11/19
Carl Muegge	Committee Member	01/01/19 – 31/12/19
Christopher Paproth	Committee Member	01/01/19 – 31/12/19
Geoff Birrell	Committee Member	01/01/19 – 24/07/19
Garth Bush	Committee Member	01/01/19 – 01/07/19
Adrian Valente	Committee Member	01/01/19 – 31/12/19
Max Mawby	Committee Member	01/01/19 – 31/12/19
Jason Lailey	Committee Member	13/02/19 – 31/12/19
Scott Pryor	Committee Member	13/02/19 – 31/12/19
Bruce Evernett	Committee Member	24/07/19 – 31/12/19
Nigel Stevens	Committee Member	24/07/19 – 12/12/19
Alison King	Committee Member	24/07/19 – 31/12/19
Taylor Grace	Committee Member	24/07/19 – 31/12/19
Bridget Hallion	Committee Member	24/07/19 – 31/12/19

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

COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Indemnifying Officers or Auditors

The Branch has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

- paid or agreed to pay a premium in respect of a contract insuring against liability for the costs or expenses to defend legal proceedings.

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 7.

This report is made in accordance with a resolution of the Committee of Management and is signed for and on behalf of the Committee of Management by:

………………………………
John Adley
Branch Secretary

8 April 2020

Port Adelaide

accountants + auditors

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE COMMITTEE OF MANAGEMENT OF THE

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

As lead auditor for the audit of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division – South Australian Branch for the year ended 31 December 2019; I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

MGI Audit Pty Ltd

G I Kent

Director – Audit & Assurance

Brisbane
8 April 2020

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/2

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

COMMITTEE OF MANAGEMENT STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

On 8 April 2020, the Committee of Management of the Branch passed the following resolution to the General Purpose Financial statements (GPFR) of the reporting unit for the financial year ended 31 December 2019.

The Committee of Management declares in relation to the GPFR that in its opinion:

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

(b) the financial statements and notes comply with the reporting guidelines of the Commissioner;

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and

(e) during the financial year to which the GPFR relates and since the end of that year:

i. meetings of the Committee of Management were held in accordance with the rules of the organisation and

ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation;

iii. the financial records of the reporting unit have been kept and maintained in accordance with the *RO Act;*

iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation;

v. where information has been sought in any request of a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and

vi. where any order for inspection of financial records made by the Fair Work Commission under section 273 of the RO Act during the year, there has been compliance.

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

Name of Designated Officer: John Adley

Title of Designated Officer: Branch Secretary

JAdley

Signature: …………………………………….

Date: 8 April 2020

accountants + auditors

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Independent Audit Report to the Members of Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division – South Australian Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division – South Australian Branch (the Branch), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division – South Australian Branch as at 31 December 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

a) the Australian Accounting Standards; and

b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

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

Basis for Opinion

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

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

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

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or 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.

Responsibilities of Committee of Management for the Financial Report

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

In preparing the financial report, the Committee of Management is responsible for assessing the 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 intend to liquidate the Branch or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 entities or 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's audit. We remain solely responsible for our audit opinion.

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

Declaration

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

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

MGI Audit Pty Ltd

G I Kent

Director – Audit & Assurance

Brisbane

8 April 2020

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/2

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 $	2018 $
Revenue			
Membership subscription		**1,753,233**	1,777,371
Interest	3A	**16,210**	31,366
Rental income	3B	**-**	47,627
Funding/ project management fees	3C	**114,111**	110,438
Director fees	3D	**45,874**	25,240
Other revenue	3E	**73,588**	27,360
Grants or donations	3F	**17,627**	71,622
Total revenue		**2,020,643**	2,091,024
Expenses			
Employee expenses	4A	**(1,397,026)**	(1,442,386)
Sustentation fees	4B	**(218,915)**	(221,934)
Affiliation fees	4C	**(31,151)**	(35,556)
Administration expenses	4D	**(326,339)**	(344,161)
Audit and accounting fees	12	**(21,846)**	(22,200)
Legal costs	4E	**(6,578)**	(12,156)
Grants or donations	4F	**(14,540)**	(4,405)
Depreciation and amortisation	4G	**(143,040)**	(44,079)
Campaign expenses	4H	**(4,027)**	(8,498)
Finance costs	4I	**(81,144)**	(13,384)
Conference and meetings	4J	**(19,957)**	(12,035)
Other operating expenses	4K	**(54,511)**	(24,118)
Levies	4L	**(3,960)**	(3,630)
Loss on sale of property, plant and equipment		**-**	(207,170)
Total expenses		**(2,323,034)**	(2,395,712)
Operating deficit for the year		**(302,391)**	(304,688)
Share of net profit from joint venture	6G	**477,800**	-
Unrealised gain on revaluation of financial assets		**25,005**	-
Surplus/ (deficit) for the year		**200,414**	(304,688)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**200,414**	(304,688)

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

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	5A	**1,133,742**	2,367,026
Trade and other receivables	5B	**19,673**	89,022
Financial assets	5C	**1,025,005**	-
Other current assets	5D	**2,919**	10,723
Total current assets		**2,181,339**	2,466,771
Non-Current Assets			
Land and buildings	6A	**1,037,553**	-
Property improvements	6B	**-**	-
Leasehold improvements	6C	**16,484**	-
Office equipment and furniture	6D	**77,827**	76,323
Motor vehicles	6E	**49,495**	64,328
Library	6F	**-**	-
Investment accounted for using the equity method	6G	**1,474,513**	1,097,241
Total non-current assets		**2,655,872**	1,237,892
Total assets		**4,837,211**	3,704,663
LIABILITIES			
Current Liabilities			
Trade payables	7A	**172,847**	248,472
Other payables	7B	**108,716**	264,270
Employee provisions	8A	**516,348**	429,103
Lease liabilities	9A	**78,556**	-
Total current liabilities		**876,467**	941,845
Non-Current Liabilities			
Employee provisions	8A	**6,816**	13,289
Lease liabilities	9A	**1,003,985**	-
Total non-current liabilities		**1,010,801**	13,289
Total liabilities		**1,887,268**	955,134
Net assets		**2,949,943**	2,749,529
EQUITY			
Retained earnings		**2,949,943**	2,749,529
Total equity		**2,949,943**	2,749,529

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Retained earnings $	Total equity $
Balance as at 1 January 2018		3,054,217	3,054,217
Deficit for the year		(304,688)	(304,688)
Other comprehensive income		-	-
Closing balance as at 31 December 2018		2,749,529	2,749,529
Surplus for the year		**200,414**	**200,414**
Other comprehensive income		**-**	**-**
Closing balance as at 31 December 2019		**2,949,943**	**2,949,943**

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

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

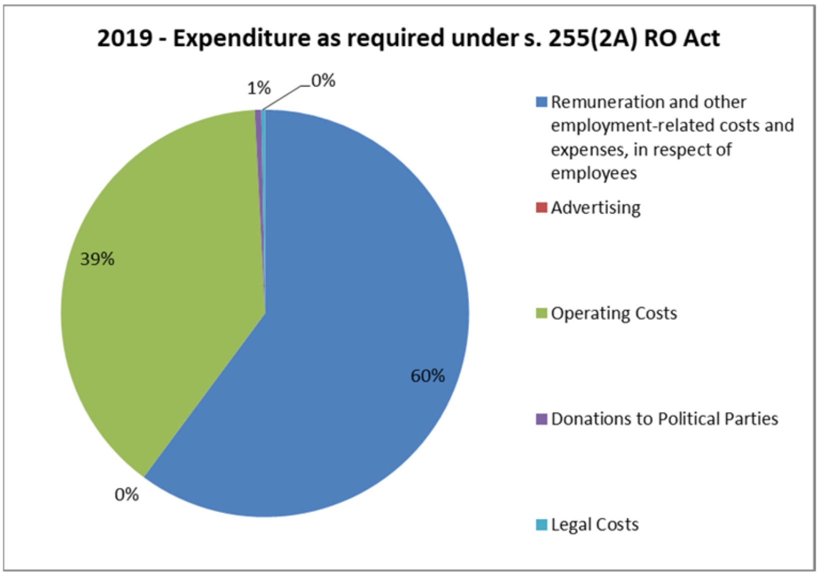
	Notes	**2019**	2018
		$	$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units	10B	**36,735**	60,789
Receipts from other customers		**2,228,740**	2,256,929
Interest received		**23,660**	42,461
Cash used			
Finance Costs		**(27,191)**	(13,384)
Payments to employees and suppliers		**(2,137,598)**	(1,895,171)
Payments to other reporting units	10B	**(302,998)**	(137,495)
Net cash (used in)/ provided by operating activities		**(178,652)**	314,129
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**-**	1,814,225
Dividends received from equity accounted investments		**100,528**	-
Payments for property, plant and equipment		**(30,911)**	(49,766)
Payments for investments in financial assets		**(1,000,000)**	-
Payments for investments in joint ventures	6G	**-**	(1,097,241)
Net cash (used in)/ provided by investing activities		**(930,383)**	667,218
FINANCING ACTIVITIES			-
Repayment of borrowings – leases		**(124,249)**	-
Net cash used in investing activities		**(124,249)**	-
Net (decrease)/ increase in cash held		**(1,233,284)**	981,347
Cash & cash equivalents at the beginning of the reporting period		**2,367,026**	1,385,679
Cash & cash equivalents at the end of the reporting period	10A	**1,133,742**	2,367,026

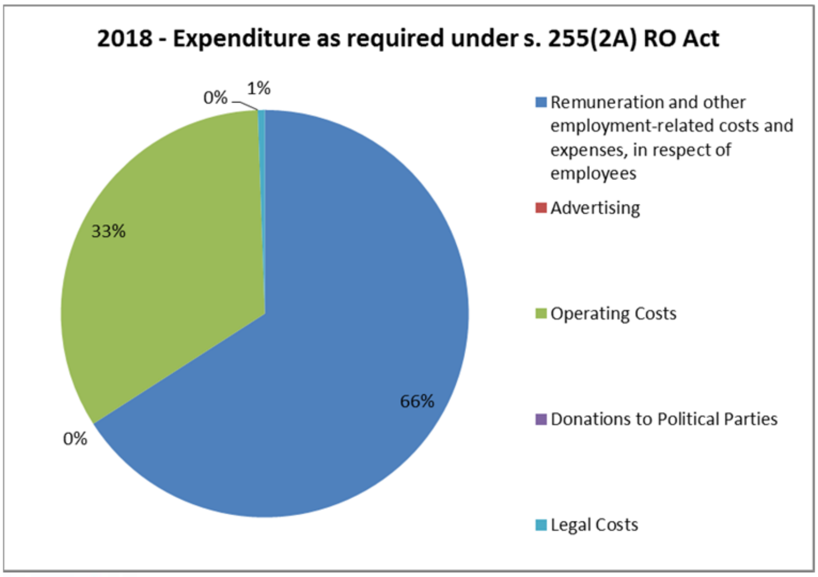
The above statement should be read in conjunction with the notes.

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

REPORT REQUIRED UNDER SUBSECTION 255(2A) OF THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009
FOR THE YEAR ENDED 31 DECEMBER 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* on the Branch for the year ended 31 December 2019:





………………………………
John Adley
Branch Secretary

8 April 2020
Port Adelaide

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Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division – South Australian Branch (the Branch) is a not-for-profit entity.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements are in Australian dollars and have been rounded to the nearest dollar.

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

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

<u>Key Estimates</u>

Impairment – general
The Branch assesses impairment at each reporting period by evaluation of conditions and events specific to the Branch that may be indicative of impairment triggers. Recoverable amounts of relevant assets are assessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of the current year.

<u>Key Judgements</u>

Useful lives of plant and equipment
Plant and equipment are depreciated over the useful life of the asset and the depreciation rates are assessed when the asset are acquired or when there is a significant change that affects the remaining useful life of the asset.

Note 1 Summary of significant accounting policies (Continued)

1.3 Significant accounting judgements and estimates (Continued)

Key Judgements

Provision for impairment of receivables
The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

On-cost for employee entitlement provision
The Branch revised its estimate for on-costs for employee provision during the year to include superannuation, workers compensation and payroll tax.

Lease Liabilities/ Right to Use Asset
Key assumptions used in the determination of the Branch's lease liability/ right to use assets are:

- Incremental borrowing rate: 4.27%
- Annual rental increases: 4%

1.4 New Australian Accounting Standards

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

AASB 16 Leases

The adoption of this new Standard has resulted in the Branch recognising a right-of-use asset and related lease liability in connection with all former operating leases, except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach. Prior periods have not been restated.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 4.27%. Please see Note 1.19 for further details

The following is a reconciliation of the financial statement line items from AASB 17 to AASB 16 at 1 January 2019:

	Carrying Amount at 31 December 2018	Impact of AASB 16	AASB 16 carrying amount at 1 January 2019
Buildings	-	1,152,837	1,152,837
Lease liabilities	-	1,152,837	1,152,837

Note 1 Summary of significant accounting policies (Continued)

1.4 New Australian Accounting Standards (continued)

AASB 15 Revenue from Contracts from Customers

The adoption of this standard has not had a material impact on the Branch for the 2019 financial year.

AASB 1058 Income of Not-for-Profit Entities

The adoption of this standard has not had a material impact on the Branch for the 2019 financial year

Future Australian Accounting Standards Requirements

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the Australian Accounting Standards Board (AASB). None of these Standards or amendments to existing Standards have been adopted early by the Branch.

The Committee of Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Branch's financial statements.

1.5 Revenue

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

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

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

Donation income is recognised when it is received.

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

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

All revenue is stated net of the amount of goods and services tax ("GST").

Note 1 Summary of significant accounting policies (Continued)

1.6 Gains and losses

Sale of assets

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

1.7 Capitation fees and levies

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

1.8 Employee benefits

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

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

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

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

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

Under the rules of the Union, those employees who have undertaken 3 or more years of continuous service are entitled to have their Long Service Leave balance paid upon termination (on a pro-rata basis). The Branch does not have an unconditional right to deferred settlement (for those employees with greater than 3 or more consecutive years of service), resulting in Long Service Leave entitlements to be reported at reporting date as current liabilities.

Note 1 Summary of significant accounting policies (Continued)

1.9 Leases

Accounting Policy for Leases – 2019 Financial Year
For any new contracts entered into on or after 1 January 2019, the Branch considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Branch assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Branch;

- the Branch has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;

- the Branch has the right to direct the use of the identified asset throughout the period of use. The Branch assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Branch recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Branch, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Branch depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Branch also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Branch measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Branch's incremental borrowing rate.

1.9 Leases (Continued)

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Branch has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

Accounting Policy for Leases – 2018 Financial Year

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the Branch are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased asset or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Branch will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

1.10 Cash

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

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Branch becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Branch commits itself to either the purchase or sale of the asset (i.e. 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 “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 15.63.

Classification and Subsequent Measurement of Financial Assets

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 at 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 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 exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (continued)

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 an effective hedging relationship).

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 guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance to AASB 9.3.25.3; and
- the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (continued)

Financial assets

Financial assets are subsequently measured at:

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

on the basis of the two primary criteria:

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

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

- 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 is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- 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 conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit or loss.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (continued)

The Branch 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 “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so as the performance of the financial liability that was 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 the 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 Branch 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 investments 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 Branch’s accounting policy.

Derecognition

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

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (continued)

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. 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 assumed, 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 Branch no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

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 was elected to be classified under fair value through other 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.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (continued)

Impairment

The Branch 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 (e.g. amount due from customers under contracts);
- 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 probability-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 Branch use the following approaches to impairment, as applicable under AASB 9:

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

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (continued)

General approach

Under the general approach, at each reporting period, the Branch assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the Branch measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the Branch measured the loss allowance for that 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.

This approach is applicable to:

- trade receivables or contract assets that results from transactions that are within the scope of AASB 15: Revenue from Contracts with Customers, that contain a significant financing component; and
- lease receivables.

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

Purchased or originated credit impaired approach

For a financial asset that is considered to be credit impaired (not on acquisition or originations), the Branch measured any change in its 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.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (continued)

Evidence of credit impairment includes:

- a breach of contract (e.g. default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- it is probable 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 Branch assumed 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 determination that the financial asset has low credit risk, the Branch applied 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 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.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (continued)

Recognition of expected credit losses in financial statements

At each reporting date, the Branch recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or 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.

For financial assets that are unrecognised (e.g. 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.

1.12 Contingent Liabilities and Contingent Assets

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

Note 1 Summary of significant accounting policies (Continued)

1.13 Plant and Equipment

Asset Recognition Threshold

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

Property

Freehold land and buildings are measured on the cost basis and therefore carried at cost less accumulated depreciation and any impairment losses in the event that the carrying amount of the land and buildings are greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated reversible amount and impairment losses are recognised either in profit or loss.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Branch Executive to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with that item will flow to the Branch and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

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

Note 1 Summary of significant accounting policies (Continued)

1.13 Plant and Equipment (continued)

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

Class of Fixed Asset	*Depreciation Rate*
Buildings	5%
Plant and equipment	5% - 40%
Motor Vehicles	20%

Derecognition

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

1.14 Impairment of assets

At the end of each reporting period, the Branch assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Branch estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note 1 Summary of significant accounting policies (Continued)

1.15 Taxation

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

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

1.16 Fair value measurement

The Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 15.

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

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

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

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

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

Note 1 Summary of significant accounting policies (Continued)

1.16 Fair value measurement (continued)

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

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

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

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

1.17 Investments in associates and joint arrangements

An associate is an entity over which the Branch has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the individual assets and obligations for the liabilities of the joint operation.

Note 1 Summary of significant accounting policies (Continued)

1.17 Investments in associates and joint arrangements (continued)

The results and assets and liabilities of associates and its joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Asset Held for Sale and Discontinued Operations. 'Under the equity method, an investment in an associate or joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the associate. When the share of losses of an associate or joint venture exceeds the interest in that associate, the Branch discontinues recognising its share of further losses. Additional losses are recognised only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Any excess of the cost of acquisition over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

1.18 Grants

Grants are not recognised until there is reasonable assurance that the Branch will comply with the conditions attaching to them and that the grants will be received.

Grants are recognised in profit or loss on a systematic basis over the periods in which the Branch recognises as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose primary condition is that the Branch should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Branch with no future related costs are recognised in profit or loss in the period in which they become receivable.

Note 2 Events after the reporting period

Court Case

On 11 February 2020, the Federal Court of Australia handed a $445,000 penalty against the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU) for breaching the *Fair Work (Registration Organisations) Act 2009*. Specifically, the Court determined that the CEPU contravened the RO Act on 86 occasions between March 2015 and May 2017 in relation to:

- notifying the regulator of changes about offices and office holders within the prescribed 35 day timeframe; and
- maintaining a list in accordance with section 230.

The Committee of Management of the CEPU has formally appealed the decision issued by the Federal Court of Australia and therefore the following is unknown:

- whether the CEPU will be success in its appeal, or be able to reduce some of the penalty
- on what basis the divisions or Branches will be levied for the sum of the penalty, if the appeal is unsuccessful;

Given the material level of uncertainty regarding the quantum of the penalty (if appealed) and the mechanism to fund the cost, no amount has been recognised in the financial statements at 31 December 2019.

COVID-19

On 11 March 2020, the World Health Organisation (WHO) declared COVID-19 as a pandemic. In response to this declaration, Governments around the world have introduced social distancing measures which has included shutting large sections of the economy down.

As a result, between balance date and the date of the audit report, domestic and international share markets to which the Branch has investment exposure has subsequently declined. Such movements have not been reflected in the financial statements at 31 December 2019.

	2019	2018
	$	$
Note 3 Income		
Note 3A: Interest		
Deposits	**16,210**	31,366
Total interest	**16,210**	31,366
Note 3B: Rental income		
Rental income at 312-314 South Road, Richmond	**-**	47,627
Total rental income	**-**	47,627
Note 3C: Funding/ project management fees		
Protect management fee	**29,069**	22,992
JLT management fees	**85,042**	87,446
Total funding/ project management fees	**114,111**	110,438
Note 3D: Director Fees		
Director fees	**45,874**	25,240
Total director fees	**45,874**	25,240

Staff and officials of the Branch sit on a number of boards, including Electrical Industry Superannuation Scheme, Building Industry Redundancy Scheme Trust – South Australia and the Construction Industry Long Service Leave Board. All board fees are paid directly to the Branch as required by the Rules of the CEPU – Electrical Division.

Note 3E: Other revenue		
Recovery of bad debts	**7,814**	1,192
Sponsorship income	**41,077**	19,250
Other income	**24,697**	6,918
Total other revenue	**73,588**	27,360
Note 3F: Grants or donations		
BIRST grant income	**17,627**	71,622
Total grants or donations	**17,627**	71,622

	2019	2018
	$	$

Note 4 Expenses

Note 4A: Employee expenses

Holders of office:		
Wages and salaries	**265,391**	249,674
Superannuation	**49,590**	48,958
Leave and other entitlements	**46,375**	47,332
Subtotal employee expenses holders of office	**361,356**	345,964
Employees other than office holders:		
Wages and salaries	**743,912**	765,725
Superannuation	**138,425**	139,228
Leave and other entitlements	**129,467**	144,165
Subtotal employee expenses employees other than office holders	**1,011,804**	1,049,118
Add: Payroll tax expense/ FBT expense	**23,866**	47,304
Total employee expenses	**1,397,026**	1,442,386

Note 4B: Sustentation fees

CEPU – Electrical, Energy and Services Division	**218,915**	221,934
Total sustentation fees	**218,915**	221,934

Note 4C: Affiliation fees

Australian Labor Party (SA Branch)	**13,949**	24,046
SA Unions	**16,884**	11,192
SA Unions May Day Collective	**318**	318
Total affiliation fees	**31,151**	35,556

	2019	2018
	$	$
Note 4 Expenses (Continued)		
Note 4D: Administration Expenses		
Insurance	**34,133**	34,875
Contractors/ consultancy expenses	**14,153**	55,999
Property/ occupancy expenses	**84,829**	72,743
Office expenses	**84,293**	78,343
Information technology expenses	**30,797**	23,104
Travel expenses	**45,053**	39,138
Industrial relations subscription expenses	**100**	62
Other administration expenses	**32,981**	39,897
Total administration expenses	**326,339**	344,161
Note 4E: Legal costs		
Litigation	**2,033**	1,418
Other legal matters	**4,545**	10,738
Total legal costs	**6,578**	12,156
Note 4F: Grants or donations		
Donations:		
Total paid that were $1,000 or less	**1,440**	1,405
Total paid that exceeded $1,000	**13,100**	3,000
Total grants or donations	**14,540**	4,405
Note 4G: Depreciation and amortisation		
Depreciation		
Land and buildings/ property improvements	**-**	15,855
Leasehold improvements	**258**	-
Office equipment and furniture	**12,664**	8,925
Motor vehicles	**14,834**	19,299
Total depreciation	**27,756**	44,079
Amortisation expense	**115,284**	-
Total depreciation and amortisation	**143,040**	44,078
Note 4H: Campaign Expenses		
Industrial campaigns	**4,027**	8,498
Total campaign expenses	**4,027**	8,498

	2019	2018
	$	$
Note 4 Expenses (Continued)		
Note 4I: Finance costs		
Bank and credit card transactions fees	**16,371**	13,384
ATO interest	**10,820**	-
Interest expense for leasing arrangements	**53,953**	-
Total finance costs	**81,144**	13,384
Note 4J: Conference and Meetings		
Conference expenses	**1,966**	1,182
Meeting expenses	**2,237**	266
Catering for conference and meeting expenses	**15,754**	10,587
Total conference and meetings	**19,957**	12,035
Note 4K: Other Operating Expenses		
Subscriptions	**6,280**	7,878
Ambulance service	**9,885**	6,078
Merchandise purchases	**21,168**	1,619
Other operating expenses	**17,178**	8,543
Total other operating expenses	**54,511**	24,118
Note 4L: Levies		
Compulsory levies - CEPU – National Council	**3,960**	3,630
Total levies	**3,960**	3,630

Levy Purpose

The CEPU National Council issued a levy during the 2019 and 2018 financial year to assist in funding its day to day operations.

	2019	2018
	$	$
Note 5 Current Assets		
Note 5A: Cash and Cash Equivalents		
Cash at bank	**782,219**	1,588,678
Cash on hand	**1,523**	323
Term deposits	**350,000**	778,025
Total cash and cash equivalents	**1,133,742**	2,367,026
Note 5B: Trade and Other Receivables		
Other receivables:		
Other trade receivables	**2,795**	50,906
Accrued membership/ project/ management fees	**16,878**	38,116
Total other receivables	**19,673**	89,022
Total trade and other receivables (net)	**19,673**	89,022
Note 5C: Financial assets		
Investments in managed funds (Morgan Stanley)	**1,025,005**	-
Total financial assets	**1,025,005**	-
Note 5D: Other Current Assets		
Accrued interest	**-**	7,450
Prepayments	**2,919**	3,273
Total other current assets	**2,919**	10,723

	2019	2018
	$	$
Note 6 Non-current Assets		
Note 6A: Land and Buildings		
Land and buildings		
At Cost	**1,152,837**	-
accumulated depreciation	**(115,284)**	-
Total Land and Buildings	**1,037,553**	-

Reconciliation of Opening and Closing Balances of Land and Buildings

As at 1 January		
Gross book value	**-**	2,290,814
Accumulated depreciation and impairment	**-**	(371,118)
Adjustment on transition of AASB 16	**1,152,837**	
Net book value 1 January	**1,152,837**	1,919,696
Additions:		
By purchase	**-**	-
Depreciation/ amortisation expense	**(115,284)**	(12,406)
Disposals:		
By sale	**-**	(1,907,290)
Net book value 31 December	**1,152,837**	-
Net book value as of 31 December represented by:		
Gross book value	**-**	-
Accumulated depreciation/ amortisation and impairment	**-**	-
Net book value 31 December	**1,037,553**	-

	2019	2018
	$	$
Note 6B: Property Improvements		
Property improvements:		
at cost	**-**	-
accumulated depreciation	**-**	-
Total Property Improvements	**-**	-

Reconciliation of Opening and Closing Balances of Property Improvements

As at 1 January		
Gross book value	**-**	139,307
Accumulated depreciation and impairment	**-**	(21,753)
Net book value 1 January	**-**	117,554
Additions:		
By purchase	**-**	-
Depreciation expense	**-**	(3,449)
Disposals:		
By sale	**-**	(114,105)
Net book value 31 December	**-**	-
Net book value as of 31 December represented by:		
Gross book value	**-**	-
Accumulated depreciation and impairment	**-**	-
Net book value 31 December	**-**	-

	2019	2018
	$	$
Note 6C: Leasehold Improvements		
Leasehold improvements:		
at cost	**16,742**	-
accumulated depreciation	**(258)**	-
Total Leasehold Improvements	**16,484**	-

Reconciliation of Opening and Closing Balances of Leasehold Improvements

As at 1 January		
Gross book value	**-**	-
Accumulated depreciation and impairment	**-**	-
Net book value 1 January	**-**	-
Additions:		
By purchase	**16,742**	-
Depreciation expense	**(258)**	-
Disposals:		
By sale	**-**	-
Net book value 31 December	**16,484**	-
Net book value as of 31 December represented by:		
Gross book value	**16,742**	-
Accumulated depreciation and impairment	**(258)**	-
Net book value 31 December	**16,484**	-

	2019 $	2018 $
Note 6D: Office Equipment and Furniture		
Office equipment and furniture:		
at cost	**609,300**	596,724
accumulated depreciation	**(531,473)**	(520,401)
Total Office Equipment and Furniture	**77,827**	76,323

Reconciliation of Opening and Closing Balances of Office Equipment and Furniture

As at 1 January		
Gross book value	**596,724**	546,957
Accumulated depreciation and impairment	**(520,401)**	(511,475)
Net book value 1 January	**76,323**	35,482
Additions:		
By purchase	**14,168**	49,766
Depreciation expense	**(12,664)**	(8,925)
Disposals:		
By sale	**-**	-
Net book value 31 December	**77,827**	76,323
Net book value as of 31 December represented by:		
Gross book value	**609,300**	596,724
Accumulated depreciation and impairment	**(531,473)**	(520,401)
Net book value 31 December	**77,827**	76,323

	2019	2018
	$	$
Note 6E: Motor Vehicles		
Motor vehicles:		
at cost	**192,657**	192,657
accumulated depreciation	**(143,162)**	(128,329)
Total Motor Vehicles	**49,495**	64,328

Reconciliation of Opening and Closing Balances of Motor Vehicles

As at 1 January		
Gross book value	**192,657**	192,657
Accumulated depreciation and impairment	**(128,329)**	(109,030)
Net book value 1 January	**64,328**	83,627
Additions:		
By purchase	**-**	-
Depreciation expense	**(14,833)**	(19,299)
Disposals:		
By sale	**-**	-
Net book value 31 December	**49,495**	64,328
Net book value as of 31 December represented by:		
Gross book value	**192,657**	192,657
Accumulated depreciation and impairment	**(143,162)**	(128,329)
Net book value 31 December	**49,495**	64,328

	2019 $	2018 $
Note 6F: Library		
Library:		
at cost	**14,074**	14,074
accumulated depreciation	**(14,074)**	(14,074)
Total Library	**-**	-

Reconciliation of Opening and Closing Balances of Library

As at 1 January		
Gross book value	**14,074**	14,074
Accumulated depreciation and impairment	**(14,074)**	(14,074)
Net book value 1 January	**-**	-
Additions:		
By purchase	**-**	-
Depreciation expense	**-**	-
Disposals:		
By sale	**-**	-
Net book value 31 December	**-**	-
Net book value as of 31 December represented by:		
Gross book value	**14,074**	14,074
Accumulated depreciation and impairment	**(14,074)**	(14,074)
Net book value 31 December	**-**	-

	2019 $	2018 $
Note 6G: Investment accounted for using the equity method		
Investment in joint venture	**1,474,513**	1,097,241
Total investment in joint venture	**1,474,513**	1,097,241

The Branch has one material joint venture, being the 87 St Vincent Street Trust. The details of the joint venture are:

Name of the joint venture	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Branch
87 St Vincent Street Trust	**Australia**	**To manage, maintain and develop the Property at 87 St Vincent Street, Port Adelaide**	**50%**

In December 2018 the Branch purchased 50% ownership in the 87 St Vincent Street Trust during the year. The Branch's interest in the joint venture is accounted for using the equity method in the financial statements. Summarised financial information of the joint venture, based on the financial statements, and reconciliation with the carrying amount of the investment is set out below:

Summarised statement of financial position of the 87 St Vincent Street Trust:

	2019 $	2018 $
Current assets, including cash and cash equivalent $94,192 (2018: $182,101)	**99,695**	207,821
Non-current assets	**2,874,047**	1,994,546
Total assets	**2,973,742**	2,202,367
Current liabilities	**24,716**	7,885
Non-current liabilities	-	-
Total liabilities	**24,716**	7,885
Equity	**2,949,026**	2,194,482
Branch's share in equity – 50%	**1,474,513**	1,097,241
Goodwill	**-**	-
Branch's carrying amount of the investment	**1,474,513**	1,097,241

	2019	2018
	$	$
Note 6G: Investment accounted for using the equity method (continued)		
Summarised statement of financial position of the 87 St Vincent Street Trust		
Rental Income	**237,527**	-
Interest income	**1,719**	-
Unrealised gain on revaluation of property located at 87 St Vincent Street, Port Adelaide	**754,546**	-
Total revenue	**993,792**	-
Property expenses	**(38,192)**	-
Total expenses	**(38,192)**	-
Profit/ loss	**955,600**	-
Other comprehensive income	**-**	-
Total comprehensive income	**955,600**	-
Total distributions paid	**201,054**	-
Branch's share of joint ventures total comprehensive income	**477,800**	-
Branch's share of distributions paid	**100,527**	-

Contingent liabilities or commitments

The joint venture had no contingent liabilities or commitments at 31 December 2019 (2018: Nil).

	2019	2018
	$	$

Note 7 Current Liabilities

Note 7A: Trade payables

	2019 $	2018 $
Trade creditors and accrued expenses	**25,757**	101,238
Subtotal trade payables	**25,757**	101,238
Payables to other reporting units		
CEPU – Electrical, Energy and Services Division	**134,792**	147,234
CEPU – Electrical, Energy and Services Division (accrued expenses)	**12,298**	-
Subtotal payables to other reporting units	**147,090**	147,234
Total trade payables	**172,847**	248,472

Settlement is usually made within 30 days.

Note 7B: Other payables

	2019 $	2018 $
Grant income/ sponsorship received in advance	**12,500**	25,127
Legal costs		
Other legal matters	**-**	6,864
Superannuation payable	**488**	17,934
PAYG payable	**22,305**	25,024
GST payable (net)	**73,423**	189,321
Total other payables	**108,716**	264,270
Total other payables are expected to be settled in:		
No more than 12 months	**108,716**	264,270
More than 12 months	**-**	-
Total other payables	**108,716**	264,270

	2019	2018
	$	$
Note 8 Provisions		
Note 8A: Employee Provisions		
Office Holders:		
Annual leave	**55,655**	61,521
Long service leave	**86,281**	77,606
Subtotal employee provisions—office holders	**141,936**	139,127
Employees other than office holders:		
Annual leave	**208,180**	145,079
Long service leave	**173,048**	158,186
Subtotal employee provisions—employees other than office holders	**381,228**	303,265
Total employee provisions	**523,164**	442,392
Current	**516,348**	429,103
Non-Current	**6,816**	13,289
Total employee provisions	**523,164**	442,392

	2019	2018
	$	$

Note 9A Leases

Lease liabilities are presented in the statement of financial position as follows:

Current	**78,556**	-
Non-Current	**1,003,985**	-
Total leases	**1,082,541**	-

The Branch has leases the building located at 87 St Vincent Street, Port Adelaide SA. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Branch classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 6A).

Each lease generally imposes a restriction that, unless there is a contractual right for the Branch to sublet the asset to another party, the right-of-use asset can only be used by the Branch. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Branch is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings, the Branch must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Branch must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Branch's leasing activities by type of right-of-use asset recognised on the statement of financial position:

Right of use asset	**No of right of use assets leased**	**Range of remaining term**	**Average remaining term**	**No of leases with extension options**	**No of leases with options to purchase**	**No of leases with variable payments linked to index**	**No of leases with termination options**
Office building	1	9 years	9 years	1	-	1	-

Note 9A Leases (continued)

Future minimum lease payments at 31 December 2019 were as follows:

	Minimum lease payments due						
	Within 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**After 5 years**	**Total**
31 December 2019							
Lease payments	**129,219**	**134,387**	**139,763**	**145,354**	**151,168**	**667,605**	**1,367,496**
Finance charges	**(50,663)**	**(46,987)**	**(42,896)**	**(38,363)**	**(33,356)**	**(72,690)**	**(284,955)**
Net present value	**78,556**	**87,400**	**96,867**	**106,991**	**117,812**	**594,915**	**1,082,541**
31 December 2018							
Lease payments	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-
Net present value	-	-	-	-	-	-	-

	2019	2018
	$	$

Note 10 Cash Flow

Note 10A: Cash Flow Reconciliation

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

	2019 $	2018 $
Cash and cash equivalents as per:		
Cash flow statement	**1,133,742**	2,367,026
Statement of financial position	**1,133,742**	2,367,026
Difference	**-**	-

Reconciliation of surplus to net cash from operating activities:

	2019 $	2018 $
Surplus/ (deficit) for the year	**200,414**	(304,688)
Adjustments for non-cash items		
Depreciation/ amortisation	**143,040**	44,079
Loss on disposal of property, plant and equipment	**-**	207,170
Interested on leasing liabilities	**53,953**	-
Unrealised gain on revaluation of financial assets	**(25,005)**	-
Share of joint ventures comprehensive income	**(477,800)**	-
Changes in assets/liabilities		
(Increase)/ decrease in net receivables	**69,349**	(51,659)
(Increase)/ decrease in other current assets	**7,804**	12,883
Increase/ (decrease) in trade and other payables	**(231,179)**	315,821
Increase/ (decrease) in provisions	**80,772**	90,523
Net cash (used in)/ provided by operating activities	**(178,652)**	314,129

Note 10B: Cash flow information

	2019 $	2018 $
Cash inflows from other reporting units		
CEPU – Electrical, Energy and Services Division	**94**	4,360
CEPU – Communications Division – SA/ NT Branch	**2,571**	30,597
CEPU – Electrical, Energy and Services Division – Victoria Branch	**31,467**	25,831
CEPU - Electrical, Energy and Services Division – TAS Branch	**2,186**	-
CEPU – National Council	**417**	-
Total cash inflows	**36,735**	60,789
Cash outflows to other reporting units		
CEPU – Electrical, Energy and Services Division	**(298,642)**	(133,502)
CEPU – National Council	**(4,356)**	(3,993)
Total cash outflows	**(302,998)**	(137,495)

Note: Cash flow information to/ from other reporting units disclosed include 10% GST on applicable transactions.

Note 10 Cash Flow (Continued)

Note 10C: Credit standby arrangements and loan facilities

The Branch has a credit card facility amounting to $10,000 (2018: $10,000). This may be terminated at any time at the option of the bank. The balance of this facility is cleared monthly and interest rates are variable.

Note 10D: Non-cash transactions

During the financial year, the Branch acquired plant and equipment with an aggregate fair value of $1,749,955 (2018: Nil) by means of lease agreements. These acquisitions are not reflected in the statement of cash flows.

	2019	2018
	$	$
Note 10E: Net debt reconciliation		
Cash and cash equivalents	**1,133,742**	2,367,026
Borrowings – repayable within one year	**(78,556)**	-
Borrowings – repayable after one year	**(1,003,985)**	-
Net debt	**51,201**	2,367,026

Note 10F: Reconciliation of movements of liabilities to cash flows arising from financing activities

	Other Assets	**Liabilities from financing activities**		
	Cash assets	**Borrowings – due within 1 year**	**Borrowings – due after 1 year**	**Total**
Net debt at 1 January 2018	1,385,679	-	-	1,385,679
Cash flows	981,347	-	-	981,347
Net debt at 31 December 2018	2,367,026	-	-	2,367,026
Cash flows	**(1,233,284)**	**40,138**	**30,158**	**(1,162,988)**
Adjustment on transition of AASB 16	**-**	**(118,694)**	**(1,034,143)**	**(1,152,837)**
Net debt at 31 December 2019	**1,133,742**	**(78,556)**	**(1,003,985)**	**51,201**

Note 11 Contingent Liabilities, Assets and Commitments

Note 11A: Commitments and Contingencies

Capital commitments

At 31 December 2019 the Branch did not have any capital commitments (2018: Nil).

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

As detailed at Note 2 – Events after the reporting period, on 11 February 2020, the Federal Court of Australia handed a $445,000 penalty against the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU) for breaching the *Fair Work (Registration Organisations) Act 2009*.

The Committee of Management of the CEPU has formally appealed the decision issued by the Federal Court of Australia and therefore the following is unknown:

- whether the CEPU will be success in its appeal, or be able to reduce some of the penalty; and
- on what basis the Divisions or Branches of the CEPU will be levied for the sum of the penalty, if the appeal is unsuccessful;

As a result, no amount has been recognised in these financial statements at 31 December 2019.

Note 12 Related Party Disclosures

Note 12A: Related Party Transactions for the Reporting Period
Holders of office and related reporting units

For financial reporting purposes, under the *Fair Work (Registered Organisations) Act 2009*, the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia is divided into the following separate reporting units (and deemed related parties):

CEPU National Council

<u>Electrical Division</u>
CEPU – Electrical, Energy and Services Division
CEPU – QLD Electrical Branch
CEPU – NSW Electrical Branch
CEPU – VIC Electrical Branch
CEPU – TAS Electrical Branch
CEPU – WA Electrical Branch

<u>Plumbing Division</u>
CEPU – Plumbing Division
CEPU – QLD Plumbing Branch
CEPU – NSW Plumbing Branch
CEPU – VIC Plumbing Branch
CEPU – WA Plumbing Branch

<u>Communications Division</u>
CEPU – Communications Division
CEPU – QLD Communications Branch
CEPU – NSW Communications T&S Branch
CEPU – NSW Communications P&T Branch
CEPU – VIC Communications T&S Branch
CEPU – VIC Communications P&T Branch
CEPU – SA/ NT Communications Branch
CEPU – WA Communications Branch

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

Note 12 Related Party Disclosures (Continued)

Note 12A: Related Party Transactions for the Reporting Period
Holders of office and related reporting units (Continued)

	2019	2018
	$	$
Revenue received from CEPU – National Council includes the following		
Reimbursement of travel expenses	**380**	-
Expenses paid to CEPU – National Council includes the following:		
Levies	**3,960**	3,630
Revenue received from CEPU –Electrical, Energy and Services Division includes the following:		
Reimbursement of travel expenses	**94**	3,964
Expenses paid to CEPU – Electrical, Energy and Services Division includes the following:		
Sustentation fees	**218,915**	221,934
Reimbursement of wage costs	**22,194**	-
Reimbursement of national journal costs	**12,298**	11,411
Reimbursement of travel expenses	**14,891**	7,728
Subscriptions/ research	**4,182**	4,321
Other operating costs	**-**	840
Amounts owed to CEPU – Electrical, Energy and Services Division includes the following:		
Reimbursement of national journal costs (accrued expenses)	**12,298**	12,552
Sustentation fees	**129,521**	134,682
Reimbursement of wage costs	**5,271**	-
Revenue received from CEPU – Communications Division – SA/ NT Branch includes the following:		
Reimbursement of occupancy costs	**427**	18,881
Room hire	**182**	-
Reimbursement of ALP affiliation expenses	**1,728**	5,412
Revenue received from CEPU – Electrical Division – TAS Branch includes the following		
Merchandise reimbursement	**1,987**	-

Note 12 Related Party Disclosures (Continued)

Note 12A: Related Party Transactions for the Reporting Period
Holders of office and related reporting units (Continued)

	2019	2018
	$	$
Revenue received from CEPU – Electrical Division – Victoria Branch the following:		
Protect insurance commissions	**29,069**	22,992

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the Branch has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 12 Related Party Disclosures (Continued)

Note 21A: Related Party Transactions for the Reporting Period
Holders of office and related reporting units (Continued)

Key Management Personnel

Key management personnel comprise those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Branch. The Branch has determined key management personnel comprise of:

- John Adley (Branch Secretary)
- Simon Pisoni (Assistant Branch Secretary – 1/1/19 – 24/07/19)
- Jess Rogers (Assistant Branch Secretary – 24/07/19 – 31/12/19)
- All remaining members of the Committee of Management.

During the year, key management personnel of the Branch were remunerated as follows:	**2019**	2018
	$	$
Note 12B: Key Management Personnel Remuneration for the Reporting Period		
Short-term employee benefits		
Salary (including annual leave taken)	**303,267**	288,332
Other	**-**	-
Total short-term employee benefits	**303,267**	288,332
Post-employment benefits:		
Superannuation	**49,590**	48,958
Total post-employment benefits	**49,590**	48,958
Other long-term benefits:		
Long-service leave	**8,499**	8,674
Total other long-term benefits	**8,499**	8,674
Termination benefits	**-**	-
Total	**361,356**	345,964

No other transactions occurred during the year with elected officers, close family members or other related parties than those related to their membership or employment and on terms no more favourable than those applicable to any other member of employee.

	2019	2018
	$	$
Note 13 Remuneration of Auditors and Consultants		
Value of the services provided		
Financial statement audit services	**14,000**	13,300
Other services	**7,846**	8,900
Total remuneration of auditors	**21,846**	22,200

Other services relate to taxation services, accounting and non-financial statement audit services provided by MGI Audit Pty Ltd and related entities.

Note 14 Financial Instruments

Financial Risk Management Policy
The Committee of Management monitors the Branch's financial risk management policies and exposure and approves financial transactions entered into. It also reviews the effectiveness of internal controls relating to the counterparty credit risk, liquidity risk, market risk and interest rate risk. The Branch Committee of Management meets on a regular basis to review the financial exposure of the Branch.

(a) Credit Risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss of the Branch. The Branch does not have any material credit risk exposures as its major source of revenue is the receipt of sustentation fees from state branches.

The maximum exposures to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of provisions) as presented in the statement of financial position.

The Branch has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Branch.

On a geographical basis, the Branch's trade and other receivables are all based in Australia.

The following table details the Branch's trade and other receivables exposed to credit risk. Amounts are considered 'past due' when the debt has not been settled, within the terms and conditions agreed between the Branch and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Branch.

The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Note 14 Financial Instruments (Continued)

Ageing of financial assets that were past due but not impaired for 2019

	0 to 30 days/ Within Trading Terms	**31 to 60 days**	**61 to 90 days**	**90+ days**	**Total**
	$	**$**	**$**	**$**	**$**
Trade and other receivables	**19,673**	**-**	**-**	**-**	**19,673**
Receivables from other reporting units	**-**	**-**	**-**	**-**	**-**
Total	**19,673**	**-**	**-**	**-**	**19,673**

Ageing of financial assets that were past due but not impaired for 2018

	0 to 30 days/ Within Trading Terms	31 to 60 days	61 to 90 days	90+ days	Total
	$	$	$	$	$
Trade and other receivables	89,022	-	-	-	89,022
Receivables from other reporting units	-	-	-	-	-
Total	89,022	-	-	-	89,022

The Branch has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the Committee of Management in accordance with approved policy. Such policy requires that surplus funds are only invested with counterparties with a strong reputation and backed by the Commonwealth Government's bank guarantee. At 31 December 2019, all funds were held by financial institutions backed by the Commonwealth Government's bank guarantee.

Collateral held as security

The Branch does not hold collateral with respect to its receivables at 31 December 2019 (2018: Nil).

Note 14 Financial Instruments (Continued)

(b) Liquidity Risk

Liquidity risk arises from the possibility that the Branch might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Branch manages this risk through the following mechanisms:

- preparing forward looking cash flow estimates;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Branch does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates

Financial Instrument Composition and Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$	**$**	**$**
Financial liabilities due for payment								
Trade payables	**172,847**	248,472	**-**	-	**-**	-	**172,847**	248,472
Other payables	**108,716**	264,270	**-**	-	**-**	-	**108,716**	264,270
Lease liabilitiy	**78,556**	-	**409,070**	-	**594,915**	-	**1,082,541**	-
Total expected outflows	**360,119**	512,742	**409,070**	-	**594,915**	-	**1,364,104**	512,742
Financial assets – cash flow receivable								
Cash and cash equivalents	**1,133,742**	2,367,026	**-**	-	**-**	-	**1,133,742**	2,367,026
Trade and other receivables	**19,673**	89,022	**-**	-	**-**	-	**19,673**	89,022
Financial assets	**1,025,005**	-	**-**				**1,025,005**	
Total anticipated inflows	**2,178,420**	2,456,048	**-**	-	**-**	-	**2,178,420**	2,456,048
Net inflow/ (outflow) on financial instruments	**1,818,301**	1,943,306	**(409,070)**	-	**(594,915)**	-	**814,316**	1,943,306

Note 14 Financial Instruments (Continued)

(c) Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Branch is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating financial instruments. The effective interest rate expenditure to interest rate financial instruments is as follows:

	Weighted Average Effective Interest Rate			
	2019	2018	**2019**	2018
	%	%	**$**	**$**
Floating rate instruments				
Cash and cash equivalents	**0.90**	0.93	**1,133,742**	2,367,026

ii. Foreign exchange risk
The Branch is not exposed to direct fluctuations in foreign currencies.

iii. Price risk
The Branch is no exposed to any material commodity price risk.

iv. Interest rate risk
The Branch 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.

Note 14 Financial Instruments (Continued)

v. Sensitivity Analysis

The following table illustrates sensitivities to the Branch's exposures to changes in interest rates and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $	**Equity** $
Cash and Cash Equivalents		
Year ended 31 December 2019		
+1% in interest rates	**11,337**	**11,337**
-1% in interest rates	**(3,578)**	**(3,578)**
Year ended 31 December 2018		
+1% in interest rates	23,656	23,656
-1% in interest rates	(7,939)	(7,939)
Units in Managed Funds (Morgan Stanley)		
Year ended 31 December 2019		
+5% in unit prices	**51,250**	**51,250**
-5% in unit prices	**(51,250)**	**(51,250)**
Year ended 31 December 2018		
+5% in unit prices	-	-
-5% in unit prices	-	-

No sensitivity analysis has been performed on foreign exchange risk as the Branch has no material direct exposures to currency risk. There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Note 15 Fair Value Measurement

Fair Values

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded.

In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Branch. Most of these instruments, which are carried at amortised cost (i.e. accounts receivable), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Branch.

The following table contains the carrying amounts and related fair values for the Branch's financial assets and liabilities:

		2019		2018	
	Footnote	Carrying value	Fair value	Carrying value	Fair value
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	**1,133,742**	**1,133,742**	2,367,026	2,367,026
Accounts receivable and other debtors	(i)	**19,673**	**19,673**	89,022	89,022
Financial assets	(i)	**1,025,005**	**1,025,005**		
Total financial assets		**2,178,420**	**2,178,420**	2,456,048	2,456,048
Financial liabilities					
Trade payables	(i)	**172,847**	**172,847**	248,472	255,336
Other payables	(i)	**108,716**	**108,716**	264,270	257,406
Lease liabilities	(i)	**1,082,541**	**1,082,541**	-	-
Total financial liabilities		**1,364,104**	**1,364,104**	512,742	512,742

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, accounts receivable and other debtors, investments in managed funds and accounts payable, other payables and lease liabilities are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 9.

Note 15 Fair Value Measurement (Continued)

Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categories fair value measurement into one of the 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

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset of liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the 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 date. 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.

The Branch did not have any assets or liabilities that were recorded using the above fair value hierarchy at 31 December 2019 and 31 December 2018.

Note 16 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commission:

(1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit 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 reporting unit.

(3) A reporting unit must comply with an application made under subsection (1).

Note 17 Branch Details

The registered office of the Branch is:

CEPU – Electrical Division – South Australian Branch
87 St Vincent Street
Port Adelaide SA 5015

Note 18 Segment Information

The Branch operates solely in one reporting business segment being the provision of trade union services.

The Branch operates from one reportable geographical segment being South Australia.

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

OFFICER DECLARATION STATEMENT

I John Adley, being the Branch Secretary of the Communications, Electrical, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division – South Australian Branch, declare that the following did not occur during the reporting period ended 31 December 2019:

The reporting unit did not:

- Agree to receive financial support from another reporting unit to continue as a going concern (refer to agreement regarding financial support not dollar amounts)
- Agree to provide financial support to another reporting unit to ensure they continued as a going concern (refer to agreement regarding financial support not dollar amounts)
- Acquired an asset or liability due to an amalgamation Under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination of revocation by the General Manager, Fair Work Commission
- Receive capitation fees from another reporting unit
- Receive revenue via compulsory levies
- Receive a donation
- Receive revenue from undertaking recovery of wages activity
- Incur fees as consideration for employers making payroll deductions of membership subscriptions
- Pay a grant that was $1,000 or less
- Pay a grant that exceeds $1,000
- Pay separation and redundancy to holders of office
- Pay other employee expenses to holders of office
- Pay separation and redundancy to employees (other than holders of office)
- Pay other employee expenses to employees (other than holders of office)
- Pay a person fees or allowances to attend conferences or meetings as a representative of the reporting unit.
- Pay a penalty imposed under the RO Act or the *Fair Work Act 2009*
- Have a receivable with other reporting unit(s)
- Have a payable in respect of legal costs relating to litigation
- Have a payable in respect of legal costs relating to other legal matters
- Have a separation and redundancy provision in respect of holders of office
- Have other employee provisions in respect to holders of office
- Have a separation and redundancy provision in respect of employees (other than holders of office)
- Have other employee provisions in respect to employees (other than holders of office)
- Have a payable to an employer for that employer making payroll deductions of membership subscriptions
- Have a fund of account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- Transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity

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

OFFICER DECLARATION STATEMENT (CONTINUED)

- Have another entity administer the financial affairs of the reporting unit
- Make a payment to a former related party of the reporting unit

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John Adley

Branch Secretary

8 April 2020