

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC,
ENERGY, INFORMATION, POSTAL,
PLUMBING AND ALLIED SERVICES
UNION OF AUSTRALIA,
COMMUNICATIONS DIVISION,
DIVISIONAL CONFERENCE
ABN 22 401 014 998**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2013**

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA, COMMUNICATIONS DIVISION,
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ABN 22 401 014 998
OPERATING REPORT**

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009 ("Act") the Committee of Management present their Operating Report on the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Communications division, Divisional Conference ("the Union"), the relevant Reporting Unit for the financial year ended 31 March 2013.

Principal Activities

The principal activities of the Union during the financial year were to provide industrial and organising services to each of the Branches of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Communications division, Divisional Conference and their members, consistent with the objectives of the National Council and particularly the objective of protecting and improving the interests of the various Branches and their members.

Operating Result

The operating profit of the Union for the financial year was \$146,810 (2012: \$3,764,363). No provision for tax was necessary as the Union is exempt from income tax.

Significant change

There were no significant changes in the nature of activities of the Union during the financial year.

Rights of Members

Pursuant to the Reporting Unit rules and Section 174 of the Fair Work (Registered Organisations) Act 2009, members have the right to resign from membership by providing written notice addressed to and delivered to the Secretary of the Reporting Unit.

A notice of resignation from membership of the Union takes effect:

- (a) where the member ceases to be eligible to become a member of the Union
 - (i) on the day on which the notice is received by the Union
 - (ii) on the day specified in the notice which is a day not earlier than the day when the member ceases to be eligible to become a member;
 whichever is the later, or
- (b) in any other case:
 - (i) at the end of two weeks after the notice is received by the Union, or
 - (ii) on the day specified in the notice
 whichever is the later.

Superannuation Officeholders

Superannuation Officeholders and Board Representation

The following officers or members of the Reporting Unit are trustees of superannuation funds:

Name	Fund Name	Fees received by officer	Fees included in the union's revenue
Jim Metcher	Australia Post Superannuation Scheme	Not known	NIL
Burt Blackburne	Comcare	\$33,864	\$33,864
Dan Dwyer	Australia Post Superannuation Scheme	\$45,180	\$45,180
Carol Gee	Telstra Superannuation Scheme	\$49,094	\$49,094

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OPERATING REPORT continued

Other Prescribed Information

In accordance with Regulation 159 of the Fair Work (Registered Organisations) Regulations 2009 ("Regulations"):

- (a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for Section 230 of the Act and who are taken to be members of the Union under section 244 of the Act was 24,494(2012: 24,818).
- (b) the number of persons who were, at the end of the financial year to which the report relates, employees of the Union, where the number of employees includes both full-time and part-time employees, measured on a full-time equivalent basis was 13.

Other Prescribed Information continued

- (c) the names of each person who have been a member of the Committee of Management of the Union at any time during the reporting period, and the period for which he or she held such a position were;

Position:	Name:
Divisional President (Honorary)	L. Cooper (1 August 2011 to date)
Divisional Secretary	D. Dwyer (1 August 2011 to date)
Divisional Vice-President	M. Royeca (7 November 2012 to date)
Divisional Assistant Secretaries	K. Hardisty (1 August 2011 to date) M. O'Nea (1 August 2011 to date)
Affirmative Action	S. Riley (1 August 2011 to date)
Telecommunication and Service Representatives	A. Jansen (21 July 2010 to date) D. McDowell (13 September 2012 to date) J. Ellery (1 August 2011 to date) M. Parker (1 August 2011 to date)
Postal and Telecommunications Representatives	J. Metcher (1 August 2011 to date) S. Murphy (1 August 2011 to date) J. Doyle (1 August 2011 to date) V. Butler (1 August 2011 to date)
Communications Divisional Branch Representatives:	
P. Hughes (2 November 2010 to date)	J. O'Donnell (1 April 2010 to date)
P. Miller (1 August 2011 to date)	G. Taylor (13 September 2010 to date)
B. McVee (1 August 2011 to date)	G. Lorrain (1 August 2011 to date)
G. Colbeck (1 August 2011 to date)	S. Butterworth (1 August 2011 to date)
C. Bird (1 August 2011 to date)	

Committee members have been in office since the start of the financial year to the date of this report unless otherwise stated.

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OPERATING REPORT continued

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

For Committee of Management: Dan Dwyer
Title of Office held: Divisional Secretary



Signature:

Dated: 21 Nov 13

Melbourne:

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**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 \$	2012 \$
Revenue	3	2,491,088	2,400,700
Other Income	3	164,813	4,387,096
Occupancy expense		(98,396)	(113,406)
Administration expense	4	(458,575)	(573,657)
Other expenses		(20,303)	(23,945)
Affiliation and capitation fees	4	(88,564)	(124,023)
Provision for impairment of receivables		(43,822)	(199,145)
Communication expense		(36,664)	(43,799)
Depreciation and amortisation expense	4	(86,129)	(50,477)
Employee benefits expense	4	(1,457,227)	(1,587,836)
Travel expense	4	(219,411)	(307,145)
Profit before income tax		<u>146,810</u>	<u>3,764,363</u>
Income tax (expense)/benefit	1a	-	-
Profit for the year		<u>146,810</u>	<u>3,764,363</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>146,810</u>	<u>3,764,363</u>
Profit attributable to the entity		<u>146,810</u>	<u>3,764,363</u>
Total comprehensive income attributable to the entity		<u>146,810</u>	<u>3,764,363</u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013**

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	8,015,542	8,089,175
Trade and other receivables	6	5,700,585	5,632,390
Other assets	7	4,591	4,302
TOTAL CURRENT ASSETS		<u>13,720,718</u>	<u>13,725,867</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,497,946	2,192,051
TOTAL NON-CURRENT ASSETS		<u>2,497,946</u>	<u>2,192,051</u>
TOTAL ASSETS		<u>16,218,664</u>	<u>15,917,918</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	5,580,512	5,504,745
Provisions	10	686,193	603,524
TOTAL CURRENT LIABILITIES		<u>6,266,705</u>	<u>6,108,269</u>
TOTAL LIABILITIES		<u>6,266,705</u>	<u>6,108,269</u>
NET ASSETS		<u>9,951,959</u>	<u>9,809,649</u>
EQUITY			
Reserves		-	-
Retained earnings		9,951,959	9,809,649
TOTAL EQUITY		<u>9,951,959</u>	<u>9,809,649</u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013**

	Retained earnings general fund	Retained earnings special fund	Retained earnings international fund	Retained earnings members benefit campaign fund	Asset revaluation reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 April 2011	2,493,788	2,821,774	(4,669)	171,010	563,383	6,045,286
Profit attributable to members	1,594,039	2,116,116	-	54,208	-	3,764,363
Transfer of asset revaluation reserve on sale of freehold property	218,030	345,353	-	-	(563,383)	-
Balance at 31 March 2012	4,305,857	5,283,243	(4,669)	225,218	-	9,809,649
Profit attributable to members	135,954	-	-	10,856	-	146,810
Balance at 31 March 2013	4,441,811	5,283,243	(4,669)	236,074	-	9,956,459

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions - Branches		2,110,509	2,162,199
Payments to suppliers and employees		(2,287,119)	(3,344,524)
Interest received		306,962	388,378
Rental income		-	62,260
Sundry income		<u>188,039</u>	<u>189,565</u>
Net cash provided by operating activities	12	<u>318,391</u>	<u>(542,122)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	8,011,614
Purchase of property, plant and equipment		<u>(392,024)</u>	<u>(2,193,029)</u>
Net cash used in investing activities		<u>(392,024)</u>	<u>5,818,585</u>
Net (decrease) increase in cash held		(73,633)	5,276,463
Cash and cash equivalents at beginning of financial year		<u>8,089,175</u>	<u>2,812,712</u>
Cash and cash equivalents at end of financial year	5	<u>8,015,542</u>	<u>8,089,175</u>

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**STATEMENT OF RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY
CASH BASIS - FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 \$	2012 \$
Cash assets in respect of recovered money at beginning of year		-	-
Receipts			
Amounts recovered from employers in respect of wages etc		-	-
Interest received on recovered money		-	-
Total receipts		-	-
Payments			
Deductions of amounts due in respect of membership for:-			
- 12 months or less		-	-
- greater than 12 months		-	-
Deductions of donations or other contributions to accounts or funds of:-			
- the Union		-	-
- other entity		-	-
Deductions of fees or reimbursements of expenses		-	-
Payments to workers in respect of recovered money		-	-
Total payments		-	-
Cash assets in respect of recovered money at end of year		-	-

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Communications division, Divisional Conference.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Fair Work (Registered Organisations) Act 2009. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for 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 have been rounded to the nearest dollar.

a. Income Tax

No provision for income tax is necessary as "Trade Unions" are exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1997.

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

**b. Property, Plant and Equipment continued
Plant and equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

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 the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Motor Vehicles	10% - 25%
Plant and Equipment	10% - 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

c. Leases

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

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to fair value of the leased property 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 the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

d. Financial Instruments

Initial recognition and measurement

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

Financial instruments 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.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued
arm's length transactions, reference to similar instruments and option pricing models.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. Financial Instruments continued

- (i) *Financial assets at fair value through profit or loss*
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.
- (ii) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.
- (iii) *Held-to-maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.
- (iv) *Available-for-sale investments*
Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current assets.
- (v) *Financial liabilities*
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. **Financial Instruments continued**

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the entity recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial guarantees

Where material, financial guarantees issued that require 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 are recognised as financial liabilities at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using the probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposure if the guaranteed party were to default.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. Financial Instruments continued

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. Impairment of Assets

At the end of each reporting period, the entity 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 jointly controlled entities 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 to sell 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 (eg in accordance with the revaluation model in AASB 116). 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 entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

f. Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

g. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. Revenue and Other Income

Revenue from capitation fees is recognised on an accrual basis.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

j. Trade and Other Receivables

Trade and other receivables include amounts due from branch capitation fees. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

k. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

m. Comparative Figures

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

n. Critical Accounting Estimates and Judgments

The committee of management evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key estimates

(i) Impairment – general

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

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. New Accounting Standards for Application in Future Periods

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013. The entity has decided not to early adopt these Accounting Standard and they have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the entity.

**NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR FAIR WORK COMMISSION
(FORMERLY KNOWN AS FAIR WORK AUSTRALIA)**

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

1. A member of an entity, or Fair Work Commission, may apply to the entity for specified prescribed information in relation to the entity to be made available to the person making the application.
2. The application must be in writing and 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 entity.
3. An entity must comply with an application made under subsection (1).

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**NOTES TO THE FINANCIAL STATEMENTS
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	Note	2013 \$	2012 \$
NOTE 3: REVENUE AND OTHER INCOME			
Contributions from branches			
Postal and Telecommunications:			
– New South Wales		673,918	678,816
– Victoria		373,309	300,721
Telecommunications and Services:			
– New South Wales		126,485	132,649
– Victoria		201,542	206,059
Communications Divisional Branches			
– Queensland		344,952	367,793
– South Australia/Northern Territory		234,198	142,774
– Tasmania		45,000	40,691
– Western Australia		156,951	143,344
		<u>2,156,355</u>	<u>2,012,847</u>
– interest received:			
– other persons		334,733	387,853
		<u>334,733</u>	<u>387,853</u>
		<u>334,733</u>	<u>387,853</u>
Total revenue		<u>2,491,088</u>	<u>2,400,700</u>
Other income:			
– gain on disposal of property, plant and equipment		-	4,142,711
– Sundry income		25,819	36,137
– Board position		128,138	91,780
– Rent received		-	62,260
– Members benefit campaign contributions		10,856	54,208
		<u>164,813</u>	<u>4,387,096</u>
Total other income		<u>164,813</u>	<u>4,387,096</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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	2013	2012
	\$	\$
NOTE 4: PROFIT FOR YEAR		
Profit before income tax expense has been determined after:		
EXPENSES		
Affiliation, capitation fees, compulsory levies and commissions		
Affiliation fees:		
- Australian Council of Trade Unions	87,903	84,186
Compulsory fees:		
- Campaigns	661	7,296
- State Revenue Office congestion levy	-	3,520
- ACTU IR campaign levy	-	29,021
	88,564	124,023
Depreciation expense		
Property, plant and equipment	86,129	50,477

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**NOTES TO THE FINANCIAL STATEMENTS
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	2013 \$	2012 \$
NOTE 4: PROFIT FOR YEAR continued		
Employee benefits expense		
Salaries and allowances		
- elected officials	362,219	694,424
- employees	757,000	1,018,958
- honorarium elected officials	26	4,500
Superannuation contributions		
- elected officials	68,626	55,048
- employees	93,565	117,201
Provision for annual leave		
- elected officials	12,372	(26,873)
- employees	22,940	(25,813)
Provision for long service leave		
- elected officials	21,708	(192,226)
- employees	6,266	(68,395)
Provision for sick leave		
- elected officials	-	(119,821)
- employees	19,383	5,096
Other		
- fringe benefit tax	5,424	7,794
- workcover	12,946	16,125
- payroll tax	67,684	89,196
- Superannuation Insurance	7,068	12,622
	<u>1,457,227</u>	<u>1,587,836</u>
 Administration expense		
Advertising	140	428
Bank charges	1,042	1,315
Books, publications and subscriptions	5,914	4,491
Computer expense	21,456	6,964
Donations	-	14,490
Journals and publications	52,891	102,052
Insurance	18,009	25,432
Postage and courier	16,053	7,369
Printing and stationary	29,131	47,176
- Auditor's remuneration		
auditing the financial report	24,700	21,550
taxation and other services	-	12,346
Professional Services		
- Consultants	121,716	78,028
- Legal	121,268	189,425
Rental of office equipment	25,053	17,802
Repairs and maintenance	14,985	34,221
Training and Education	6,217	10,568
	<u>458,575</u>	<u>573,657</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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	2013	2012
	\$	\$
NOTE 4: PROFIT FOR YEAR continued		
Travel expenses		
Airfares		
- General	61,669	103,801
- Divisional conference	-	9,582
- Divisional executive	8,804	14,706
- National council	2,389	8,194
Car hire and taxi		
- General	26,877	31,321
- Divisional conference	-	1,270
- Divisional executive	1,490	1,782
- National council	481	609
Motor vehicle expense	18,090	12,102
Travelling allowance		
- General	78,642	81,376
- Divisional conference	392	11,965
- Divisional executive	12,749	19,812
- National council	5,001	5,476
- Home state allowance	2,827	5,149
	219,411	307,145
 Included within Administration and General Expenses		
Remuneration of auditor		
- auditing of the financial statements	24,700	21,550
- auditing of project acquittals	-	-
- taxation and other services	-	12,346

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**NOTES TO THE FINANCIAL STATEMENTS
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	Note	2013	2012
		\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS			
CURRENT			
Cash at bank and on hand			
- Cash on hand		1,000	1,000
- General account		192,367	271,409
- Joint fund		55	933
- Union dues account		208,530	15,227
- UPT provident fund		873	873
- Members benefit fund		2,430	2,560
- Online Saver Account		9,092	353,038
Cash on deposit			
- General account		7,298,390	7,377,480
- At Call Deposit		302,805	66,655
		<u>8,015,542</u>	<u>8,089,175</u>

The effective interest rate on short-term bank deposits was 2.8% (2012: 3%); these deposits have an average maturity of 90 days.

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**NOTES TO THE FINANCIAL STATEMENTS
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	Note	2013 \$	2012 \$
NOTE 6: TRADE AND OTHER RECEIVABLES			
CURRENT			
General Fund			
Amount owing by Postal and Telecommunications branches:			
- New South Wales		85,480	61,502
- Victoria		68,427	67,920
		<u>153,907</u>	<u>129,422</u>
Less provision for impairment of receivables		<u>(37,863)</u>	<u>-</u>
		<u>116,044</u>	<u>129,422</u>
Amount owing by Telecommunications and Services			
Branches:			
- New South Wales		34,948	19,879
- Victoria		72,873	46,918
		<u>107,821</u>	<u>66,797</u>
Less provision for impairment of receivables		<u>(1,542)</u>	<u>(47,176)</u>
		<u>106,279</u>	<u>19,621</u>
Amount owing by Divisional Branches:			
- Queensland		60,288	49,059
- South Australia / Northern Territory		11,853	20,964
- Tasmania		225,850	173,112
- Western Australia		5,317	5,718
		<u>303,308</u>	<u>248,853</u>
Less provision for impairment of receivables		<u>(221,384)</u>	<u>(171,884)</u>
		<u>81,924</u>	<u>76,969</u>
Other receivables		119,570	123,135
Less provision for impairment of receivables		<u>(6,475)</u>	<u>-</u>
		<u>113,095</u>	<u>123,135</u>
Total General Fund		<u>417,342</u>	<u>349,147</u>
Special Fund			
Amount owing from general fund		<u>5,283,243</u>	<u>5,283,243</u>
Total Special Fund		<u>5,283,243</u>	<u>5,283,243</u>
Total current trade and other receivables		<u>5,700,585</u>	<u>5,509,255</u>

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NOTE 6: TRADE AND OTHER RECEIVABLES continued

a. Provision for impairment of receivables

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 1 April 2011	Charge for the Year	Amounts Written Off	Closing Balance 31 March 2012
Current trade receivables	\$	\$ 219,060	\$	\$ 219,060
	1 April 2012			31 March 2013
Current trade receivables	\$ 219,060	\$ (49,500)	\$ (1,296)	\$ 267,264

Credit risk

The entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 6. The main source of credit risk to the entity is considered to relate to the class of assets described as "trade and other receivables".

The following table details the entity's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the entity 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 entity.

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NOTE 6: TRADE AND OTHER RECEIVABLES continued

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

	Gross Amount \$	Past Due and Impaired \$	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms \$
			<30 \$	31-60 \$	61-90 \$	>90 \$	
2013							
Trade and term receivables	565,036	260,789	193,494	81,242	15,841	13,670	-
Other receivables	119,570	6,475					119,570
Total	684,606	267,264	193,494	81,242	15,841	13,670	50,667
2012							
Trade and term receivables	445,072	219,060	179,450	30,541	5,090	10,931	-
Other receivables	123,135	-	-	-	-	-	123,135
Total	568,207	219,060	179,450	30,541	5,090	10,931	40,602

b. Collateral pledged

No collateral is held over trade and other receivables.

Note	2013 \$	2012 \$
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NOTE 7: OTHER ASSETS

CURRENT		
Prepayments	4,591	4,302
	<u>4,591</u>	<u>4,302</u>

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	2013 \$	2012 \$
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
BUILDINGS		
ACTU Building – Level 9, 365 Queen Street at cost	2,505,723	2,124,139
Less accumulated depreciation	<u>(65,112)</u>	<u>(6,547)</u>
Total land and buildings	<u>2,440,611</u>	<u>2,117,592</u>
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	79,757	69,317
Accumulated depreciation	<u>(49,434)</u>	<u>(29,713)</u>
	<u>30,323</u>	<u>39,604</u>
Motor Vehicles:		
At cost	64,199	64,199
Accumulated depreciation	<u>(37,187)</u>	<u>(29,344)</u>
	<u>27,012</u>	<u>34,855</u>
Total plant and equipment	<u>57,335</u>	<u>71,459</u>
Total property, plant and equipment	<u>2,497,946</u>	<u>2,192,051</u>

a. Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Buildings \$	Plant and equipment \$	Motor Vehicles \$	Total \$
Balance at the beginning of year	2,117,592	39,604	34,855	2,192,051
Additions	381,584	10,440	-	392,024
Depreciation	<u>(58,565)</u>	<u>(19,721)</u>	<u>(7,843)</u>	<u>(86,129)</u>
Carrying amount at the end of year	<u>2,440,611</u>	<u>30,323</u>	<u>27,012</u>	<u>2,497,946</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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	Note	2013 \$	2012 \$
NOTE 9: TRADE AND OTHER PAYABLES			
General Fund			
Amount owing to Postal and Telecommunications branches:			
- New South Wales		1,812	2,500
- Victoria		-	5,969
		1,812	8,469
Amount owing to Telecommunications and Services branches:			
- New South Wales		-	465
- Victoria		-	6,578
		-	7,043
Amount owing to Divisional branches:			
- Queensland		24,692	5,792
- South Australia		8,027	2,871
- Western Australia		5,391	3,562
		38,110	12,225
Amounts owing to National Council		48,809	-
Amount owing to Special Fund		5,283,243	5,283,243
GST payable		36,487	17,769
Legal costs payable		17,577	7,906
Sundry creditors		149,805	163,421
		203,869	189,096
Total General Fund		5,575,843	5,500,076
International Fund			
Amount owing to General Fund		4,669	4,669
Total Payables		5,580,512	5,504,745

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10: PROVISIONS

	2013 \$	2012 \$
Analysis of Total Provisions		
Employee entitlements		
Provision for annual leave		
- elected officials	74,230	61,858
- employees	<u>140,612</u>	<u>117,672</u>
	<u>214,842</u>	<u>179,530</u>
Provision for long service leave		
- elected officials	27,029	20,763
- employees	<u>244,785</u>	<u>223,077</u>
	<u>271,814</u>	<u>243,840</u>
Provision for rostered days off sick leave		
- elected officials	-	-
- employees	<u>198,665</u>	<u>179,282</u>
	<u>198,665</u>	<u>179,282</u>
Total employee entitlements	685,321	602,652
Provision for UPT provident fund	<u>872</u>	<u>872</u>
Total provisions	<u>686,193</u>	<u>603,524</u>
Number of employees at year end	<u>13</u>	<u>16</u>

	Provision for annual leave \$	Provision for long service leave \$	Provision for rostered days off Sick leave \$	Total \$
Opening balance at 1 April 2012	179,530	243,840	179,282	602,652
Additional provisions raised during the year	101,528	27,974	22,747	152,249
Amounts used	<u>(66,216)</u>	<u>-</u>	<u>(3,364)</u>	<u>(69,580)</u>
Balance at 31 March 2013	<u>214,842</u>	<u>271,814</u>	<u>198,665</u>	<u>685,321</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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	2013	2012
	\$	\$
NOTE 10: PROVISIONS Continued		
Analysis of total provisions		
Current	686,193	603,525
Non-current	-	-
	686,193	603,525

Provision for Employee Benefits

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

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

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

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(f).

	Note	
	2013	2012
	\$	\$

NOTE 11: CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

Payable – minimum lease payments:

– not later than 12 months	18,912	18,912
– between 12 months and five years	45,704	61,464
	64,616	80,376

The photocopier lease is a non-cancellable lease with a five-year term, with payments payable monthly in advance.

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	2013 \$	2012 \$
NOTE 12: CASH FLOW INFORMATION		
a. Reconciliation of cash flow from operations with profit after income tax		
a. General Fund and member benefit fund		
Profit after income tax	146,810	1,648,247
Non-cash flows in profit:		
– depreciation	86,129	43,417
– bad and doubtful debts	45,000	199,145
– net gain on disposal of property, plant and equipment	-	(2,050,665)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– (Decrease)/increase in trade and term debtors	5,165,548	(3,867,659)
– (Decrease) in prepayments	(289)	(1,932)
– increase/(decrease) in payables	(5,207,476)	3,884,227
– Increase/(decrease) in provisions	82,669	(428,032)
	<u>318,391</u>	<u>(573,252)</u>
b. Special Fund		
Net profit	-	2,116,116
Non-cash flows in profit:		
– Depreciation	-	7,060
– Profit on sale of land & building	-	(2,092,046)
	<u>-</u>	<u>31,130</u>
Net cash provided by operating activities	<u>318,391</u>	<u>(542,122)</u>

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NOTE 13: EVENTS AFTER THE REPORTING PERIOD CONTINUED

There are no events subsequent to the reporting date of this report which will have a material effect on the financial report for the year ended 31 March 2013.

NOTE 14: KEY MANAGEMENT PERSONNEL COMPENSATION AND RELATED PARTY TRANSACTIONS

The names of committee of management of the entity who have held office during the financial year are:

Name	Position
Divisional President (Honorary)	L. Cooper (1 August 2011 to date)
Divisional Secretary	D. Dwyer (1 August 2011 to date)
Divisional Vice-President	M. Royeca (7 November 2012 to date)
Divisional Assistant Secretaries	K. Hardisty (1 August 2011 to date) M. O'Nea (1 August 2011 to date)
Affirmative Action	S. Riley (1 August 2011 to date)
Telecommunication and Service Representatives	A. Jansen (21 July 2010 to date) D. McDowell (13 September 2012 to date) J. Ellery (1 August 2011 to date) M. Parker (1 August 2011 to date)
Postal and Telecommunications Representatives	J. Metcher (1 August 2011 to date) S. Murphy (1 August 2011 to date) J. Doyle (1 August 2011 to date) V. Butler (1 August 2011 to date)

Communications Divisional Branch Representatives:

P. Hughes (2 November 2010 to date)	J. O'Donnell (1 April 2010 to date)
P. Miller (1 August 2011 to date)	G. Taylor (13 September 2010 to date)
B. McVee (1 August 2011 to date)	G. Lorrain (1 August 2011 to date)
G. Colbeck (1 August 2011 to date)	S. Butterworth (1 August 2011 to date)
C. Bird (1 August 2011 to date)	

- a. The aggregate amount of remuneration paid to elected officials during the financial year for salaries was \$360,827 (2011: \$694,424) and for honorarium was \$4,500 (2012: \$4,500). The salaries amount is further split as follows -
- b. The aggregate amount paid during the financial year to a superannuation plan in connection with the retirement of elected officials was \$61,341 (2012: \$55,048).

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**NOTES TO THE FINANCIAL STATEMENTS
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**NOTE 14: KEY MANAGEMENT PERSONNEL COMPENSATION AND RELATED PARTY
TRANSACTIONS continued**

- c. No officer has received any remuneration because the officer is a member of a board or hold that position only because of their position as an officer or because they were nominated for the position on the board by the organisation/branch/peak council.
- d. No officer has received any remuneration from a related party to the organisation/branch in connection with the performance of the officer's duties.
- e. No officer has any material personal interest in a matter that the officer or a relative of the officer has or acquires that relates to the affairs of the organisation/branch.
- f. Apart from the above, there were no other transactions between the officers of the entity other than those relating to their membership of the entity and reimbursement by the entity in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

Related Party Transactions

- a. There were no transactions between the officers of the Union other than those relating to their membership of the Union and reimbursement by the Union in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.
- b. The branches of the CEPU Communication Division are as follows:

Postal and Telecommunications branches:

- New South Wales
- Victoria

Telecommunications and Services branches:

- New South Wales
- Victoria

Communications Divisional branches

- Queensland
- South Australia / Northern Territories
- Tasmania
- Western Australia

The transactions between the branches and divisional conference are on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length and are as disclosed in Notes 3,6, and 9.

NOTE 15: ECONOMIC DEPENDENCE

The principle source of income for the entity is membership fees. The entity is economically dependent upon the membership levels and fees.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

NOTE 16: FINANCIAL RISK MANAGEMENT

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2013 \$	2012 \$
Financial assets			
Cash and cash equivalents	5	8,015,542	8,089,175
Loans and receivables (excluding special fund)	6	417,342	349,147
Total financial assets		8,432,884	8,438,322
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables (excluding special fund)	9	297,269	216,833
– borrowings		-	-
Total financial liabilities		297,269	216,833

Financial Risk Management Policies

The committee of management's overall risk management strategy seeks to assist the entity in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the committee of management on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for entity operations. The entity does not have any derivative instruments at 31 March 2013.

The committee of management meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The committee of management's overall risk management strategy seeks to assist the entity in meeting its financial targets, while minimising potential adverse effects on financial performance.

The committee of management operates under policies approved by the committee of management. Risk management policies are approved and reviewed by the committee of management on a regular basis. These include credit risk policies and future cash flow requirements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

NOTE 16: FINANCIAL RISK MANAGEMENT continued

Specific Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the entity is exposed to, how these risks arise, or the committee of management's objectives, policies and processes for managing or measuring the risks from the previous period.

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 to the entity.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the entity, credit terms are generally 14 to 30 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee of management has otherwise assessed as being financially sound. Where the entity is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at committee of management level, given to third parties in relation to obligations under its bank bill facility (refer to Note 12 for details).

The entity has no collateral held by the entity securing receivables.

The entity has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 6.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 6.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

NOTE 16: FINANCIAL RISK MANAGEMENT continued

Credit risk related to balances with banks and other financial institutions is managed by the committee of management in accordance with approved committee of management policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings:

	Note	2013 \$	2012 \$
Cash and cash equivalents:			
– AA rated		8,015,542	8,089,175
		8,015,542	8,089,175

b. Liquidity risk

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

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- 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.

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 timings of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

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NOTE 16: FINANCIAL RISK MANAGEMENT continued

Financial liability and financial asset maturity analysis:

	Within 1 Year		1 to 5 Years		Total	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables (excluding est. annual leave)	297,269	216,833	-	-	297,269	216,833
Total expected outflows	297,269	216,833	-	-	297,269	216,833
Financial assets – cash flows realisable						
Cash and cash equivalents	8,015,542	8,089,175	-	-	8,015,542	8,089,175
Trade, term and loan receivables	417,342	349,147	-	-	417,342	349,147
Total anticipated inflows	8,432,884	8,438,322	-	-	8,432,884	8,438,322
Net (outflow)/inflow on financial instruments	8,135,615	8,221,489	-	-	8,135,615	8,221,489

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 12 for further details.

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 entity is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the entity to interest rate risk are limited to borrowings, listed shares, and cash and cash equivalents.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

NOTE 16: FINANCIAL RISK MANAGEMENT continued

Sensitivity analysis

The following table illustrates sensitivities to the entity's exposures to changes in interest rates and equity prices. The table indicates the impact on 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 also assume that the movement in a particular variable is independent of other variables.

	Profit \$
Year ended 31 March 2013 +/-2% in interest rates	160,000
Year ended 31 March 2012 +/-2% in interest rates	162,000

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

NOTE 17: RESERVES

- a. **Revaluation Surplus:**
The revaluation surplus records revaluations of non-current assets.
- b. **General Reserve:**
The general reserve records funds set aside for future expansion of the entity.

NOTE 18: ENTITY DETAILS

The registered office of the entity is:
Level 9, 366 Queen Street
Melbourne VIC 3000

The principal place of business is:
Level 9, 366 Queen Street
Melbourne VIC 3000

NOTE 19: CONTINGENT LIABILITIES

The Divisional Conference assumes responsibility and accountability for debts that the branches are unable to pay as and when they fall due. A contingent liability would be deemed to exist where there are indicators to suggest a branch is in financial hardship. Such indicators would include a net current asset deficiency or net asset deficiency.

As at 31 March 2013 the SA-NT Branch is in a net current asset deficiency position of \$111,695, which may indicate a potential problem with paying their debts as and when they fall due, and the burden may fall upon the Divisional Conference. We also have reason to believe that the Tasmania Branch is current in a net current asset deficiency position, however, we currently do not have access to their financial statements to confirm their exact position.

Other than the above, there are no contingent liabilities at the date of this report

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COMMITTEE OF MANAGEMENT CERTIFICATE

On 19 November 2013 the Committee of Management of the he Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Communications division, Divisional Conference passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 March 2013:

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 Fair Work Commission (formerly known as Fair Work Australia);
- (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; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Act and the Regulations; and
 - (iv) 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; and
 - (v) the information sought in any request of a member of the reporting unit or Fair Work Commission (formerly known as Fair Work Australia) duly made under section 272 of the Act has been furnished to the member or Fair Work Commission (formerly known as Fair Work Australia); and
 - (vi) there has been compliance with any order for inspection of financial reports made by the Fair Work Commission (formerly known as Fair Work Australia) under section 273 of the Act.
- (e) that the Fair Work Commission is currently conducting an inquiry into the Divisional Office accounts.

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COMMITTEE OF MANAGEMENT CERTIFICATE
continued

- (g) in relation to recovery of wages activity:
- (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of Fair Work Commission (formerly known as Fair Work Australia); and
 - (ii) the committee of management caused the auditor to include in the scope of the audit required under subsection 257(1) of the Act all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and
 - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
 - (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
 - (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers until distributions of recovered money were made to the workers.
- (g) that the members receive a copy of the concise financial report.

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

For Committee of Management: Dan Dwyer
Title of Office held: Divisional Secretary

Signature: 

Dated: 21 Nov 13
Melbourne

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY,
INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA,
COMMUNICATIONS DIVISION,
DIVISIONAL CONFERENCE**

Report on the Financial Report

We have audited the accompanying financial report of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Communications division, Divisional Conference, which comprises the statement of financial position as at 31 March 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the committee of management's declaration of the entity during the financial year.

Committee of Management's Responsibility for the Financial Report

The entity's committee of management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the committee of management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the committee of management also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY,
INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA,
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Basis for Qualified Opinion

Allegations of unauthorised expenditure have been made against the Union and are now the subject of a Fairwork Australia investigation. These allegations cast doubts about the validity of certain expenditure including the purpose of the expenditure, the assessment of which is outside the scope of the audit engagement. We believe that the allegations and outcome of the investigation may have implications on the financial statements. Management has not determined the amount and impact of these expenditure on the financial statements if any and have not instructed us to audit the alleged unauthorised expenditure.

As a result of the above, we are unable to determine whether any adjustments were necessary in respect of the matters that are the subject of FairWork Australia's investigations.

Qualified Auditor's Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of the entity:

- a. Is in accordance with the provisions of the Fair Work (Registered Organisations) Act 2009, other requirements imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the Act, including:
 - (i) presenting fairly the entity's financial position as at 31 March 2013 and of its performance and cash flows for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the International Financial Reporting Standards as disclosed in Note 1.

- b. properly and fairly report all information in relation to recovery of wages activity required by the reporting guidelines of Fair Work Commission (formerly known as Fair Work Australia), including:
 - (i) any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
 - (ii) any donations or other contributions deducted from recovered money

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S.WONG
Partner
Member of the Institute of Chartered Accountants in Australia and
Current holder of a current public practice certificate
Melbourne: 21 November 2013

**COMPILATION REPORT
TO THE COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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Scope

We have compiled the accompanying special purpose financial statements of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Communications division, Divisional Conference which comprises the attached detailed income and expenditure statement for the year ended 31 March 2013. The specific purposes for which the special purpose financial statements have been prepared is to provide information relating to the performance of the entity that satisfies the information needs of the committee of management.

The Responsibility of the Committee of Management

The committee of management is solely responsible for the information contained in the special purpose financial statement and has determined that the basis of accounting adopted is appropriate to meet the needs of the committee of management.

Our Responsibility

On the basis of information provided by the committee of management we have compiled the accompanying special purpose financial statement in accordance with the basis of accounting and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information which the committee members provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statement was compiled exclusively for the benefit of the committee of management. We do not accept responsibility to any other person for the contents of the special purpose financial report.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

Melbourne: 21 November 2013

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013**

	2013 \$	2012 \$
Income		
Contributions from branches	2,156,355	2,012,847
Interest received	334,733	387,853
gain on disposal of property, plant and equipment	-	4,142,711
Sundry income	25,819	36,137
Board position	128,138	91,780
Rent received	-	62,260
Members benefit campaign contributions	10,856	54,208
	<u>2,655,901</u>	<u>6,787,796</u>
Total Income		
Expenditure		
Affiliation, capitation fees, compulsory levies and commissions		
Affiliation fees:		
- Australian Council of Trade Unions	87,903	84,186
Compulsory fees:		
- Campaigns	661	7,296
- State Revenue Office congestion levy	-	3,520
- ACTU IR campaign levy	-	29,021
	<u>88,564</u>	<u>124,023</u>
Depreciation expense		
Property, Plant and equipment	86,129	50,477
Communications Expenses		
Telephone & Facsimile	36,664	43,799
Other expenses		
Functions	2,375	3,441
General expenses	171	5,903
Gifts	1,308	1,009
Meeting expenses	10,166	4,130
Staff amenities	6,283	9,462
	<u>20,303</u>	<u>23,945</u>

This statement should be read in conjunction with the attached compilation report on page 43

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013**

	2013 \$	2012 \$
Employee benefits expense		
Salaries and allowances		
- elected officials	362,219	694,424
- employees	757,000	1,018,958
- honorarium elected officials	26	4,500
Superannuation contributions		
- elected officials	68,626	55,048
- employees	93,565	117,201
Provision for annual leave		
- elected officials	12,372	(26,873)
- employees	22,940	(25,813)
Provision for long service leave		
- elected officials	21,708	(192,226)
- employees	6,266	(68,395)
Provision for sick leave		
- elected officials	-	(119,821)
- employees	19,383	5,096
Other		
- fringe benefit tax	5,424	7,794
- workcover	12,946	16,125
- payroll tax	67,684	89,196
- Superannuation Insurance	7,068	12,622
	<u>1,457,227</u>	<u>1,587,836</u>
Occupancy expense		
Cleaning	10,379	13,429
Land tax	-	22,264
Light & Power	41,910	60,203
Management fees	41,083	6,752
Rates & taxes	4,780	10,006
Security	244	752
	<u>98,396</u>	<u>113,406</u>
Provision for impairment of receivables		
Doubtful debts expense	<u>43,822</u>	<u>199,145</u>

This statement should be read in conjunction with the attached compilation report on page 43

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**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013**

	2013 \$	2012 \$
Administration expense		
Advertising	140	428
Bank charges	1,042	1,315
Books, publications and subscriptions	5,914	4,491
Computer expense	21,456	6,964
Donations	-	14,490
Journals and publications	52,891	102,052
Insurance	18,009	25,432
Postage and courier	16,053	7,369
Printing and stationary	29,131	47,176
- Auditor's remuneration auditing the financial report	24,700	21,550
taxation and other services	-	12,346
Professional Services		
- Consultants	121,716	78,028
- Legal	121,268	189,425
Rental of office equipment	25,053	17,802
Repairs and maintenance	14,985	34,221
Training and Education	6,217	10,568
	458,575	573,657
Travel expenses		
Airfares		
- General	61,669	103,801
- Divisional conference	-	9,582
- Divisional executive	8,804	14,706
- National council	2,389	8,194
Car hire and taxi		
- General	26,877	31,321
- Divisional conference	-	1,270
- Divisional executive	1,490	1,782
- National council	481	609
Motor vehicle expense	18,090	12,102
Travelling allowance		
- General	78,642	81,376
- Divisional conference	392	11,965
- Divisional executive	12,749	19,812
- National council	5,001	5,476
- Home state allowance	2,827	5,149
	219,411	307,145
Total Expenditure	2,509,091	3,023,433
Net Profit	146,810	3,764,363

This statement should be read in conjunction with the attached compilation report on page 43