

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**


**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

STATE EXECUTIVE'S CERTIFICATE

We, **STEPHEN BIRNEY** and **SHARON SEWELL**, being two members of the State Executive of the New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union, do state on behalf of the State Executive, and in accordance with a resolution passed by the State Executive that:

- (i) In the opinion of the State Executive, the attached financial report shows a true and fair view of the financial affairs of the Union as at 31 December 2016.
- (ii) In the opinion of the State Executive, meetings of the Executive were held during the year ended 31 December 2016, in accordance with the rules of the Union.
- (iii) To the knowledge of any member of the State Executive, there have been no instances where records of the Union or other documents (not being documents containing information made available to a member of the Union under Sub-Section 512 (2) of the Industrial Relations Act, 1991 as applied by Sub-Section 282(3) of the Industrial Relations Act, 1996), or copies of those records or documents, or copies of the rules of the Union, have not been furnished, or made available to members in accordance with the requirements of the Industrial Relations Act, 1991, the Regulations thereto, or the rules of the Union.
- (iv) The Union has complied with Sub-Sections 517(1) and (5) of the Industrial Relations Act, 1991, in relation to the financial report in respect of the year ended 31 December 2016 and the Auditors' Report, thereon.


.....
STEPHEN BIRNEY
President


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SHARON SEWELL
Treasurer

19th June 2017

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

ACCOUNTING OFFICER'S CERTIFICATE

I, **GRAEME KELLY**, being the Officer responsible for keeping the accounting records of the New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union, certify that as at 31 December 2016, the number of members of the Union was 30,483.

In my opinion:

- (i) The attached financial report shows a true and fair view of the financial affairs of the Union as at 31 December 2016.
- (ii) A record has been kept of all monies paid by or collected from members, by duly authorised representatives of the Union and all monies so paid or collected have been credited to the bank account to which those monies are to be credited, in accordance with the rules of the Union.
- (iii) Approval for expenditure incurred by the Union, was obtained in accordance with the rules of the Union.
- (iv) With regard to funds of the Union raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated.
- (v) No loans or other financial benefits, other than remuneration in respect of their full time employment with the Union, were made to persons holding office in the Union.
- (vi) The register of members of the Union was maintained in accordance with the Industrial Relations Act, 1996.



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GRAEME KELLY
General Secretary

19th June 2017

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDED 31 DECEMBER 2016**

	NOTE	2016 \$	2015 \$
INCOME			
Contributions		13,261,772	13,074,986
Accommodation		851,245	896,718
Distributions from Available-for-Sale Financial Assets		7,503	18,938
Dividends		207,739	201,958
Training Income		33,982	-
Interest		543,070	529,427
Picnic Income		158,552	156,465
Rent		98,448	86,964
Superannuation Directors' Fees		27,813	88,684
Sundry Income		92,369	137,101
TOTAL INCOME		15,282,493	15,191,241
LESS EXPENDITURE			
DEPRECIATION		876,297	934,098
EMPLOYEE BENEFITS EXPENSE			
Accrued Annual Leave		11,995	87,781
Sick Leave		119,777	98,820
Fringe Benefits Tax		100,986	139,609
Long Service Leave		36,095	110,685
Salaries - Officers and Staff	16	6,243,866	6,250,897
Superannuation		743,348	757,862
Employment sundry			70
		7,256,067	7,445,724
OTHER EXPENSES			
Advertising Expense		5,987	11,304
Affiliation Fees		389,152	542,349
Annual Conference Expenses		268,619	63,357
Attendance Allowance – Other Organisations		672	1,470
Payment to AMACSU NSW Branch re National AMACSU Capitation Fees		825,091	808,896
Auditors Remuneration	15	52,225	62,167
Computer Expenses		93,811	94,446
Delegates, Executive and Organising Expenses		932,831	974,324
Donations		153,200	12,101
Electricity and Gas		126,968	149,007
Employee Assistance Expenses		41,333	41,447
General Administration Expenses		551,099	536,415
Honoraria		98,071	97,409
Carried Forward		3,539,059	3,394,692

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
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**STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

	NOTE	2016	2015
		\$	\$
Brought Forward		3,539,059	3,394,692
Insurance		142,627	181,335
Land Tax		135,833	131,950
Lease of Office Equipment and Property		267,594	256,287
Legal and Professional Expenses		195,434	302,448
Marketing and Promotions		474,277	458,458
Mortality Benefit		72,500	86,818
Motor Vehicle Expenses		315,165	325,451
OH & S Costs		33,661	38,981
Payroll Tax		352,694	361,174
Postage		146,424	148,684
Printing and Stationery		116,678	127,591
Property Expenses		332,996	299,626
Picnic Expenses		168,346	140,850
Telephones (including Mobiles)		191,838	231,218
Training Expenses		65,331	22,176
Union Magazines		141,362	136,646
Women's Committee and Conference		3,308	15,420
		<u>6,695,127</u>	<u>6,659,805</u>
TOTAL EXPENDITURE		<u>14,827,491</u>	<u>15,039,627</u>
OPERATING SURPLUS FOR THE YEAR – GENERAL FUND		455,002	151,614
Surplus on disposal of fixed assets		31,794	55,656
Surplus on Disposal of Available for Sale Assets – realised		<u>140,983</u>	<u>-</u>
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>627,779</u>	<u>207,270</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Net Increase/(Decrease) in Available-for-Sale Assets		<u>(54,070)</u>	<u>(158,223)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>573,709</u>	<u>49,047</u>

(The attached notes form part of these financial statements)

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	NOTE	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	729,572	710,696
Trade and Other Receivables	7	517,471	455,024
Other Financial Assets	10	<u>22,641,686</u>	<u>21,521,961</u>
Total Current Assets		<u>23,888,729</u>	<u>22,687,681</u>
Non-Current Assets			
Property, Plant and Equipment	5	<u>7,372,323</u>	<u>7,985,085</u>
TOTAL NON-CURRENT ASSETS		<u>7,372,323</u>	<u>7,985,085</u>
TOTAL ASSETS		<u>31,261,052</u>	<u>30,672,766</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables	8	1,159,190	1,078,003
Employee Benefits	9	<u>3,286,080</u>	<u>3,375,356</u>
Total Current Liabilities		<u>4,445,270</u>	<u>4,453,359</u>
Non-Current Liabilities			
Employee Benefits	9	<u>43,568</u>	<u>20,902</u>
TOTAL NON-CURRENT LIABILITIES		<u>43,568</u>	<u>20,902</u>
TOTAL LIABILITIES		<u>4,488,838</u>	<u>4,474,261</u>
NET ASSETS		<u>26,772,214</u>	<u>26,198,505</u>
ACCUMULATED FUNDS AND RESERVES			
Accumulated Funds		25,708,461	25,080,682
Available-for-Sale Investment Reserve	17	<u>1,063,753</u>	<u>1,117,823</u>
ACCUMULATED FUNDS AND RESERVES		<u>26,772,214</u>	<u>26,198,505</u>

(The attached notes form part of these financial statements)

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Accumulated Funds	Available- for-Sale Investment Reserve	Total
	\$	\$	\$
Balance at 1 January 2015	24,873,412	1,276,046	26,149,458
Net increase in value of			
Available-for-sale assets	-	(158,223)	(158,223)
Net surplus for the Year	207,270	-	207,270
Balance at 31 December 2015	25,080,682	1,117,823	26,198,505
Net reduction in value of			
Available-for-sale assets	-	(54,070)	(54,070)
Net surplus for the Year	627,779	-	627,779
Balance at 31 December 2016	<u>25,708,461</u>	<u>1,063,753</u>	<u>26,772,214</u>

(The attached notes form part of these financial statements)

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2016**

	NOTE	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Contributions and Levies from Members		14,587,949	14,382,484
Receipts from Customers		936,368	986,390
Payments to Suppliers and Employees		(15,410,741)	(15,119,583)
Interest Received		511,721	537,790
Rent Received		98,448	86,964
Other Receipts		<u>520,454</u>	<u>584,208</u>
NET CASH GENERATED BY OPERATING ACTIVITIES	21(b)	<u>1,244,199</u>	<u>1,458,253</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net Payment for Property, Plant and Equipment		(231,363)	(707,950)
Net Received/(Payment) for Investments		<u>(993,960)</u>	<u>(889,724)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(1,225,323)</u>	<u>(1,597,674)</u>
NET INCREASE/(DECREASE) IN CASH HELD		18,876	(139,421)
Cash and cash equivalents at beginning of year		<u>710,696</u>	<u>850,117</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	21(a)	<u>729,572</u>	<u>710,696</u>

(The attached notes form part of these financial statements)

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
ADMINISTRATIVE, ENERGY, AIRLINES & UTILITIES UNION**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations and the New South Wales Industrial Relations Act 1996.

Basis of Preparation

The financial report is for the entity New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union, as an individual entity ("Union"). The New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union is an organisation registered under the New South Wales Industrial Relations Act, 1996. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union is not subject to the Corporations Act 2001.

The financial report of New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union for the year ended 31 December 2016 was authorised for issue in accordance with a resolution of the State Executive Committee on 19th June 2017.

The financial report has been prepared on the basis of historical costs modified by the revaluation of selected financial assets and liabilities for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the economic entity in the preparation of the financial statements

(a) Revenue

The Union recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union's activities as discussed below.

Contributions and Government Grants are accounted for on a cash receipts basis. Otherwise, the concept of accruals accounting has been adopted in the preparation of the financial statements.

Distributions from managed funds are recognised as income when declared and are then reinvested.

Interest is accounted for on an accruals basis.

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

(b) Income Tax

No provision for Income Tax is necessary as the Union is exempt from Income Tax under Section 50 - 15 of the Income Tax Assessment Act 1997. The Union still has an obligation for Fringe Benefit Tax (FBT) and the Goods and Services Tax (GST).

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Capitation fees and levies

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

(d) Property, Plant and Equipment

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

Freehold land and buildings are measured on a cost basis.

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

Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Union 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. Land is not depreciated.

The depreciation rates used for each class of asset are:

Buildings	2.5%
Office Furniture and Equipment	5% - 33.33%
Motor Vehicles	22.5%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of comprehensive income in the year that the item is disposed off.

(e) Impairment of Non-Financial Assets

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing value in use of assets not held primarily to generate cash, this represents depreciated current replacement cost, as the Union is a not-for-profit organisation.

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Goods and Services Tax

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. In the case of Long Service Leave this results in an amount not materially different to that achieved by discounting future cash flows.

Employee benefits are presented as current liabilities in the statement of financial position if the Union does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

(h) Investments

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date, which is the date on which the entity commits to purchase, or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Available-for-sale financial assets

Investments, which are classified as available-for-sale, are measured at fair value. Unrealised gains or losses on these investments are recognised directly to equity in the Available-for-Sale Investment Reserve until the investment is sold or until, based on objective evidence, an available-for-sale financial asset is determined to be impaired at which time the cumulative gain or loss previously reported for that asset is included in the statement of comprehensive income.

Receivables

Receivables are non-derivative financial assets with a fixed or determinable payment that are not quoted on an active market. They are recognised at amortised cost.

Collectability of receivables is assessed on an ongoing basis. Receivables which are known to be uncollectable are written off. An allowance is made for doubtful debts where there is objective evidence (such as significant financial difficulty or delay in payment) that the Union will not be able to collect all amounts according to original terms.

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Investments (Cont'd)

Aquatic Complex

The assets and liabilities and the income and expenses of the aquatic complex in Port Macquarie has been disclosed on a consolidated basis in the financial statements.

(i) Cash

Cash and cash equivalents comprise cash on hand, cash at bank and deposits held at-call with bank

(j) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Union has decided against early adoption of these Standards. The Union's assessment of the new and amended pronouncements that are relevant to the Union but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Union on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The adoption of AASB 9 is not expected to have a material effect on the financial statements of the Union.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) New Accounting Standards and Interpretations (Cont'd)

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018, as deferred by AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The adoption of this standard is not expected to impact on the Union's financial statements.

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

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) New Accounting Standards and Interpretations (Cont'd)

- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Union anticipates that the adoption of AASB 16 will impact the Union's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Industrial Relations Act, 1991 (NSW), the attention of members is drawn to the provisions of sub-sections (1) and (2) of section 512 which read as follows:

- (1) A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation.
- (2) An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Union makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(b) Critical judgements in applying the Union's accounting principles

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

	2016 \$	2015 \$
4. AQUATIC COMPLEX		
(a) STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016		
INCOME		
Accommodation and Rent	891,717	923,863
Interest	14	44
Catering (Motel)	27,728	30,588
Telephone (Motel)	5	118
Laundry Commission and Linen	7,136	7,977
Sundry	-	18
	<u>926,600</u>	<u>962,608</u>
TOTAL INCOME		
LESS EXPENDITURE		
Depreciation	<u>60,761</u>	<u>65,871</u>
Employee Benefits Expense		
Fringe Benefits Tax	(10,800)	10,800
Long Service Leave	4,052	3,753
Salaries – Staff	413,921	393,962
Superannuation	<u>31,237</u>	<u>29,788</u>
	<u>438,410</u>	<u>438,303</u>
Other Expenses		
Austar	8,602	8,386
Bank Charges	4,554	4,761
Catering (Motel)	25,441	24,333
Domestic Supplies	18,093	15,675
Electricity and Gas	47,804	64,558
Land Tax	71,380	68,424
Payroll Tax	17,928	17,108
Printing, Stationery and Advertising	4,089	6,045
Rates and Taxes (Council and Water)	58,531	52,202
Repairs, Replacements and Maintenance	53,932	55,349
Sundries and Other Expenditure	15,115	8,577
Telephone (Other)	<u>9,216</u>	<u>15,842</u>
	<u>334,685</u>	<u>341,260</u>
TOTAL EXPENDITURE	<u>833,856</u>	<u>845,434</u>
OPERATING SURPLUS FOR THE YEAR	<u>92,744</u>	<u>117,174</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

	Note	2016 \$	2015 \$
4. AQUATIC COMPLEX (cont'd)			
(b) STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016			
ASSETS			
Current Assets			
Cash and Cash Equivalents	(e)	176,888	106,090
Receivables	(f)	<u>7,772</u>	<u>7,523</u>
Total Current Assets		<u>184,660</u>	<u>113,613</u>
Non-Current Assets			
Land and Buildings (At Cost)		3,239,604	3,234,804
Less Accumulated Depreciation on Buildings		(1,588,878)	(1,557,355)
Equipment (At Cost)		635,756	595,199
Less Accumulated Depreciation		<u>(518,456)</u>	<u>(489,218)</u>
Total Non-Current Assets	(c)	<u>1,768,026</u>	<u>1,783,430</u>
TOTAL ASSETS		<u>1,952,686</u>	<u>1,897,043</u>
LIABILITIES			
Current Liabilities			
Payables	(g)	<u>244,455</u>	<u>232,447</u>
Total Current Liabilities		<u>244,455</u>	<u>232,447</u>
NON Current Liabilities			
Provision for Long Service Leave		<u>9,751</u>	<u>5,699</u>
TOTAL LIABILITIES		<u>254,206</u>	<u>238,146</u>
NET ASSETS		<u>1,698,480</u>	<u>1,658,897</u>

(c) MOVEMENTS IN CARRYING AMOUNTS - NON CURRENT ASSETS

	Land and Buildings \$	Equipment \$	Total \$
Balance at 1 January 2016	1,677,449	105,981	1,783,430
Additions	4,800	40,557	45,357
Disposals	-	-	-
Depreciation	<u>(31,522)</u>	<u>(29,239)</u>	<u>(60,761)</u>
Balance at 31 December 2016	<u>1,650,727</u>	<u>117,299</u>	<u>1,768,026</u>

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	Note	2016 \$	2015 \$
4. AQUATIC COMPLEX (Cont'd)			
(d) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016			
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		886,113	935,419
Payments to Suppliers and Employees		(769,218)	(713,001)
Interest Received		14	44
Rent Received		<u>40,473</u>	<u>27,145</u>
NET CASH GENERATED/(UTILISED) BY OPERATING ACTIVITIES	(d)(ii)	<u>157,382</u>	<u>249,607</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for Property, Plant and Equipment		<u>(45,357)</u>	<u>(10,274)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(45,357)</u>	<u>(10,274)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net Payments to General Fund		<u>(41,227)</u>	<u>(285,758)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(41,227)</u>	<u>(285,758)</u>
NET INCREASE/(DECREASE) IN CASH HELD		70,798	(46,425)
Cash and Cash Equivalents at beginning of financial year		<u>106,090</u>	<u>152,515</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	(d)(i)	<u>176,888</u>	<u>106,090</u>

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FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

	2016 \$	2015 \$
4. AQUATIC COMPLEX (Cont'd)		
(d) NOTES TO THE STATEMENT OF CASH FLOWS		
(i) For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions.		
Cash on Hand	1,200	1,000
Cash at Bank	<u>175,688</u>	<u>105,090</u>
	<u>176,888</u>	<u>106,090</u>
(ii) RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES WITH NET SURPLUS		
Net Surplus	92,744	117,174
Non-Cash Flows In Net Surplus		
Depreciation	60,761	65,871
Changes in Assets and Liabilities		
Increase/(Decrease) in Debtors	(249)	4,888
Increase in Employee Entitlements Provision	4,052	3,753
Increase in Creditors & Accruals	174	59,259
Decrease in GST Payable	<u>(100)</u>	<u>(1,338)</u>
NET CASH (UTILISED)/GENERATED BY OPERATING ACTIVITIES	<u>157,382</u>	<u>249,607</u>
(e) CASH AND CASH EQUIVALENTS		
Cash on Hand	1,200	1,000
Cash at Bank	<u>175,688</u>	<u>105,090</u>
	<u>176,888</u>	<u>106,090</u>
(f) RECEIVABLES		
Sundry Debtors	<u>7,772</u>	<u>7,523</u>
	<u>7,772</u>	<u>7,523</u>
(g) PAYABLES		
Sundry Creditors and Accruals	244,455	232,349
GST Payable	<u>-</u>	<u>98</u>
	<u>244,455</u>	<u>232,447</u>

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

	2016 \$	2015 \$
5. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
At cost		
Level 7, 321 Pitt St. Sydney	2,438,147	2,438,147
Level 8, 321 Pitt St Sydney	1,916,120	1,916,120
Levels 7 & 8, 321 Pitt St Sydney - Building		
Improvements	746,635	746,635
86 Lawson St Newcastle	590,995	590,995
2 & 3/100 Market St. Wollongong	359,524	359,524
1/157 Gordon St Port Macquarie	94,697	94,697
Shop 3, 4-12 Queen Elizabeth Drive Armidale	71,476	71,476
Shops 11 & 12, 142 William St Bathurst	95,934	95,934
55-61 Prince St Grafton	61,804	61,804
2/46 Church St Dubbo	180,558	180,558
7/56 Fitzmaurice St, Wagga Wagga	60,638	60,638
1/100 Market St. Wollongong	400,930	400,930
Aquatic Complex – Port Macquarie	3,239,604	3,234,804
ACT Car Park 50% with ASU Nat Office	81,818	-
	<u>10,338,880</u>	<u>10,252,262</u>
Less: Accumulated Depreciation	<u>(4,401,801)</u>	<u>(4,061,335)</u>
Total Land and Buildings	<u>5,937,079</u>	<u>6,190,927</u>
Office Furniture and Equipment		
At Cost	2,666,859	3,371,198
Less: Accumulated Depreciation	<u>(1,946,098)</u>	<u>(2,456,273)</u>
Total Office Furniture and Equipment	<u>720,761</u>	<u>914,925</u>
Motor Vehicles		
At Cost	1,408,309	1,505,045
Less: Accumulated Depreciation	<u>(693,826)</u>	<u>(625,812)</u>
Total Motor Vehicles	<u>714,483</u>	<u>879,233</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>7,372,323</u>	<u>7,985,085</u>

During 2015, the land and buildings owned by the Union were valued by an independent valuer. The fair value of the properties was determined to be between \$75,000 and \$6,000,000 (depending on how the properties are parcelled). The total fair value of all properties was \$15,830,000. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

MOVEMENTS IN CARRYING AMOUNTS

	Land and Buildings \$	Office Furniture and Equipment \$	Motor Vehicles \$	Total \$
Balance at 1 January 2016	6,190,927	914,925	879,233	7,985,085
Additions	86,618	46,247	165,502	298,367
Disposals	-	(8,970)	(25,862)	(34,832)
Depreciation	(340,466)	(231,441)	(304,390)	(876,297)
Balance at 31 December 2016	<u>5,937,079</u>	<u>720,761</u>	<u>714,483</u>	<u>7,372,323</u>

**2016
\$**

**2015
\$**

6. CASH AND CASH EQUIVALENTS

Cash on Hand	1,700	1,700
Cash at Bank	362,855	442,699
Cash Held by Branches	188,128	160,207
Cash Held by Aquatic Complex	176,889	106,090
	<u>729,572</u>	<u>710,696</u>

7. Trade and Other Receivable

Current

Trade Debtors	115,606	59,437
Prepayments	392,517	386,487
Sundry Debtors	1,577	1,577
Sundry Debtors – Aquatic Complex	7,771	7,523
	<u>517,471</u>	<u>455,024</u>

8. PAYABLES

Sundry Creditors and Accruals	691,251	623,268
Sundry Creditors – Aquatic Complex	244,455	232,447
GST Payable	223,484	222,288
	<u>1,159,190</u>	<u>1,078,003</u>

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FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

		2016 \$	2015 \$
9. EMPLOYEE BENEFITS			
Current			
Provision for Sick Leave		948,087	929,878
Provision for Annual Leave		641,152	682,500
Provision for Long Service Leave		1,696,841	1,762,978
		<u>3,286,080</u>	<u>3,375,356</u>
Non-Current			
Provision for Long Service Leave		43,568	20,902
		<u>43,568</u>	<u>20,902</u>
10. Other Financial Assets			
Investment General Fund	11	20,227,255	19,157,494
Long Service Leave Fund	12	2,033,513	2,018,252
Mortality Fund	13	287,135	283,781
Other Investments		93,783	62,434
		<u>22,641,686</u>	<u>21,521,961</u>
11. INVESTMENT – GENERAL FUND CURRENT			
Cash and Cash Equivalents			
Cash Deposits		4,030,220	2,809,894
Term Deposit		9,536,985	9,471,137
Available-For-Sale Financial Assets			
Shares in Listed Companies (at fair value)	14	3,873,679	3,663,317
Managed Funds (at fair value)	14	767,847	735,796
Investments in Bonds (at fair value)	14	2,018,524	2,477,350
		<u>20,227,255</u>	<u>19,157,494</u>
12. INVESTMENTS – LONG SERVICE LEAVE FUND CURRENT			
Cash and Cash Equivalents			
Cash Deposit		<u>2,033,513</u>	<u>2,018,252</u>

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

**13. INVESTMENTS - MORTALITY FUND
CURRENT**

Cash and Cash Equivalents

Cash Deposits	287,135	283,781
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14. AVAILABLE - FOR - SALE FINANCIAL ASSETS

At Fair Value

Shares in Listed companies	3,873,679	3,663,317
General Fund Managed Funds	767,847	735,796
Investment in Bonds	2,018,524	2,477,350
	<u>6,660,050</u>	<u>6,876,463</u>

15 AUDITORS' REMUNERATION

Auditing the Financial Statements	48,000	50,000
Other Services	5,300	8,242
Prior Year Audit Fee	(1,075)	3,925
	<u>52,225</u>	<u>62,167</u>

16. SALARIES - OFFICERS AND STAFF

Elected Officers	156,384	152,570
Officials	4,026,624	3,916,016
Administration Staff	1,646,937	1,788,349
Aquatic Complex Staff	413,921	393,962
	<u>6,243,866</u>	<u>6,250,897</u>

17. RESERVES

Available-for-Sale

Investment Reserve

Opening Balance	1,117,823	1,276,046
Change in fair value during the year	(54,070)	(158,223)
	<u>1,063,753</u>	<u>1,117,823</u>

This reserve records unrealised gains and losses on Available-for-Sale Investments which are measured at fair value.

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FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

	2016 \$	2015 \$
18. OPERATING LEASE COMMITMENTS		
In respect of office equipment and property, payable:		
- not later than 1 year	207,540	207,540
- later than 1 year but not later than 5 years	342,651	480,584
	<u>550,191</u>	<u>688,124</u>

19. SUPERANNUATION

Employees of the Union are entitled to benefits from superannuation plans on retirement, disability or death. The Union participated in four employer sponsored superannuation plans, one of which, the Local Government Superannuation Scheme is a defined benefit plan. The Scheme has advised that the assets and liabilities of the Union's employees are pooled with those of other employers. The Scheme has further advised that it is impractical to separate employers without additional cost to the employer. As a consequence the Union has elected to take the exemption allowed under AASB 119 and treat the Scheme for financial reporting purposes as a defined contribution scheme.

The other superannuation plans are defined contribution plans. The benefits provided under these plans are based on accumulated contributions and earnings for each employee. The Union's liability is limited to paying the contributions to the plans.

20. RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal terms and conditions no more favourable than those available to other parties, unless otherwise stated.

- (a) The aggregate amount of remuneration paid to officers during the financial year is disclosed in the Financial Report
- (b) The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officers is \$11,723 (2015: \$20,720).
- (c) There have been no other transactions between the officers and the Union other than those relating to their membership of the Union and the reimbursement by the Union in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

	2016	2015
	\$	\$
21. CASH FLOW INFORMATION		
(a) For the purposes of the statement of cash flows, cash includes:		
Cash on hand and at call deposits with banks and financial institutions.		
Cash is shown in the statement of financial position as:		
Cash on Hand	1,700	1,700
Cash at Bank	362,855	442,699
Cash Held by Branches	188,129	160,207
Cash on Hand – Aquatic Complex	1,200	1,000
Cash at Bank – Aquatic Complex	175,688	105,090
	<u>729,572</u>	<u>710,696</u>
(b) Reconciliation of cash flow from operations with operating results:		
Net Surplus - General Fund	627,779	207,270
Non-Cash Flows in Operating Results		
Depreciation	876,297	934,098
(Surplus)/Loss on Sale of Assets	(31,794)	(55,656)
Reinvestment of income from managed funds	(148,486)	(18,938)
Loss on disposal of assets	-	66,000
Changes in Assets and Liabilities		
(Increase)/Decrease in Sundry Debtors and Prepayments	(62,448)	84,384
(Increase)/Decrease in Accrued Interest	(31,350)	8,363
Increase/(Decrease) in Employee Entitlement Provisions	(66,610)	88,607
Increase in Sundry Creditors & GST Payable	80,811	144,125
CASH FLOW GENERATED/(UTILISED) FROM OPERATIONS	<u>1,244,199</u>	<u>1,458,253</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016(Cont'd)**

22. FINANCIAL RISK MANAGEMENT

a) General objectives, policies and processes

The Union is exposed to risks that arise from its use of financial instruments. This note describes the Union's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Union's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Union's financial instruments consist mainly of deposits with banks, local money market instruments, investments, trade receivables and payables. The main risks the Union is exposed to through its financial instruments are credit risk, liquidity risk and market risk (interest rate risk, other price risk and foreign currency risk).

The State Executive has overall responsibility for the determination of the Union's risk management objectives and policies and whilst retaining ultimate responsibility for them, the State Executive makes investment decisions after considering advice received from advisors.

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Union incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Union.

There is no concentration of credit risk with respect to current and non-current receivables.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2016	2015
	\$	\$
Cash at Bank	726,671	707,996
Cash Deposit	4,030,220	2,809,894
Term Deposit	9,536,985	9,471,137
	<u>14,293,876</u>	<u>12,989,027</u>

The cash and cash equivalents are held in high quality Australian financial institutions.

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22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity Risk

Liquidity risk is the risk that the Union may encounter difficulties raising funds to meet commitments associated with financial liabilities.

The Union is not significantly exposed to this risk, as at 31 December 2016, it had \$14,293,876 (\$12,989,027 - 2015) of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 31st December, 2016 totalled \$1,159,190 (\$1,078,003 - 2015).

(d) Market Risk

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

(e) Interest Rate Risk

The Union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:

31 December 2016	Floating interest rate	Non interest bearing	Total
Financial Assets	\$	\$	\$
Cash	726,671	2,900	729,571
Cash Deposits	15,891,933	-	15,891,933
Investments	2,789,812	-	2,789,812
Total Financial Assets	19,408,416	2,900	19,411,316
Weighted Average Interest Rate	2.42%		
Financial Liabilities	\$	\$	\$
Payables	-	1,159,190	1,159,190
Total Financial Liabilities	-	1,159,190	1,159,190
Net Financial Assets/(Liabilities)	19,408,416	(1,156,290)	18,252,126

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22. FINANCIAL RISK MANAGEMENT (Continued)

31 December 2015	Floating interest rate	Non interest bearing	Total
Financial Assets	\$	\$	\$
Cash	707,996	2,700	710,696
Cash Deposits	14,583,064	-	14,583,064
Investments	3,216,586	-	3,216,586
Total Financial Assets	18,507,646	2,700	18,510,346
Weighted Average Interest Rate	2.52%		
Financial Liabilities	\$	\$	\$
Payables	-	1,078,003	1,078,003
Total Financial Liabilities	-	1,078,003	1,078,003
Net Financial Assets/(Liabilities)	18,507,646	(1,075,303)	17,432,343

(e) Interest Rate Risk

Sensitivity Analysis

2016	Carrying Amount	+1% (100 basis points) Profit	-1% (100 basis points) Loss
	\$	\$	\$
Cash & Cash Equivalents	19,408,416	194,084	(194,084)
2015	Carrying Amount	+1% (100 basis points) Profit	-1% (100 basis points) Loss
	\$	\$	\$
Cash & Cash Equivalents	18,507,646	185,076	(185,076)

(f) Price Risks

The union is exposed to equity securities price risk. This arises from investments held by the Union and classified on the Statement of Financial Position either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Union only maintains a small portfolio.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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22. FINANCIAL RISK MANAGEMENT (Continued)

The Union is not exposed to commodity price risk.

The Union's equity investments are publicly traded and are listed on the ASX.

The table below summarises the impact of increase/decrease of the indexes on the Union's surplus for the year and on equity. The analysis is based on the assumption that the equity indexes had increase/(decrease) by 10%(2015 -10%) with all other variables held constant and all the Union's equity instruments moved according to the historical correlation with the index.

	2016	2015
	\$	\$
Effect on equity		
Increase of equity index by 10%	666,349	687,646
Decrease of equity index by 10%	(666,349)	(687,646)

(g) Foreign Exchange Risks

The Union is not exposed to foreign exchange risk

23. FAIR VALUE MEASUREMENT

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

- Available-for-sale financial assets

(a) Fair Value Hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted price (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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23. FAIR VALUE MEASUREMENT (continued)

(1) Recognised fair value measurements

The following table presents the Union's assets and liabilities measured and recognised at fair value at 31 December 2016.

	Level 1		Level 2		Level 3		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Available-for-sale financial assets	6,660,050	6,876,463	-	-	-	-	6,660,050	6,876,463
Financial assets through profit and loss	-	-	-	-	-	-	-	-
Total assets	<u>6,660,050</u>	<u>6,876,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,660,050</u>	<u>6,876,463</u>

There were no transfers between Level 1, Level 2 and Level 3 in 2016 or 2015.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

25. CONTINGENT LIABILITIES

	2016	2015
	\$	\$
Estimate of the maximum amount of contingent liabilities that may become payable:		
Nil	-	-

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)**

26. UNION DETAILS

The Registered Office of the Union is:

Level 7
321 Pitt Street
SYDNEY NSW 2000

Independent Audit Report to the members of New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union

Report on the Audit of the Financial Report

We have audited the financial report of New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union ('the Union'), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in accumulated funds and reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the state executive's certificate and accounting officer's certificate.

In our opinion, the financial report of the Union is in accordance with Australian Accounting Standards and the Industrial Relations Act 1996:

- i. giving a true and fair view of the entity's financial position as at 31 December 2016 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Industrial Relations Act 1996*.

Basis of 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 Union in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Union's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Audit Report to the members of New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union

Responsibilities of the State Executive and General Secretary for the financial report

The State Executive and the General Secretary of the Union are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Industrial Relations Act 1996* and for such internal control as directors determine is necessary to enable the preparation of financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Union'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 management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Australian Accounting Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We 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 Union's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of directors' 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 Union'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 Union to cease to continue as a going concern.

We 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.

**Independent Audit Report to the members of New South Wales Local Government,
Clerical, Administrative, Energy, Airlines & Utilities Union**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors regarding, amongst 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Bentleys NSW Audit Pty Limited
Chartered Accountants



Robert Evett
Director
Sydney

Date: 19 June 2017