

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

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

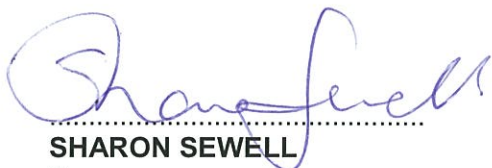
STATE EXECUTIVE'S CERTIFICATE

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 2017.
- (ii) In the opinion of the State Executive, meetings of the Executive were held during the year ended 31 December 2017, 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 2017 and the Auditors' Report, thereon.



STEPHEN BIRNEY
President



SHARON SEWELL
Treasurer

18th June 2018

**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 2017, the number of members of the Union was 29,830.

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 2017.
- (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.



GRAEME KELLY
General Secretary

18th June 2018

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

**STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDED 31 DECEMBER 2017**

	NOTE	2017 \$	2016 \$
INCOME			
Contributions		13,416,490	13,261,772
Accommodation		752,677	851,245
Distributions from Available-for-Sale Financial Assets		10,434	7,503
Dividends		219,818	207,739
Training Income		3,723	33,982
Interest		566,528	543,070
Picnic Income		161,266	158,552
Rent		77,012	98,448
Superannuation Directors' Fees		57,097	27,813
Sundry Income		128,548	92,369
TOTAL INCOME		15,393,593	15,282,493
LESS EXPENDITURE			
DEPRECIATION		772,058	876,297
EMPLOYEE BENEFITS EXPENSE			
Accrued Annual Leave		61,760	11,995
Sick Leave		167,059	119,777
Fringe Benefits Tax		115,455	100,986
Long Service Leave		137,788	36,095
Salaries - Officers and Staff	16	5,998,711	6,243,866
Superannuation		754,548	743,348
Employment sundry			
		7,235,321	7,256,067
OTHER EXPENSES			
Advertising Expense		6,313	5,987
Affiliation Fees		404,532	389,152
Annual Conference Expenses		100,780	268,619
Attendance Allowance – Other Organisations		1,679	672
Payment to AMACSU NSW Branch re National AMACSU Capitation Fees		865,400	825,091
Auditors Remuneration	15	62,098	52,225
Computer Expenses		68,204	93,811
Delegates, Executive and Organising Expenses		844,671	932,831
Donations		49,317	153,200
Electricity and Gas		132,391	126,968
Employee Assistance Expenses		38,207	41,333
General Administration Expenses		469,370	551,099
Honoraria		94,954	98,071
Carried Forward		3,137,916	3,539,059

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

**STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

	NOTE	2017	2016
		\$	\$
Brought Forward		3,137,916	3,539,059
Insurance		94,420	142,627
Land Tax		126,207	135,833
Lease of Office Equipment and Property		238,433	267,594
Legal and Professional Expenses		110,869	195,434
Marketing and Promotions		232,583	474,277
Mortality Benefit		79,546	72,500
Motor Vehicle Expenses		330,040	315,165
OH & S Costs		42,301	33,661
Payroll Tax		337,008	352,694
Postage		146,673	146,424
Printing and Stationery		146,023	116,678
Property Expenses		329,800	332,996
Picnic Expenses		121,105	168,346
Telephones (including Mobiles)		165,853	191,838
Training Expenses		41,702	65,331
Union Magazines		116,666	141,362
Women's Committee and Conference		32,367	3,308
		<u>5,829,512</u>	<u>6,695,127</u>
TOTAL EXPENDITURE		<u>13,836,891</u>	<u>14,827,491</u>
OPERATING SURPLUS FOR THE YEAR – GENERAL FUND		1,556,702	455,002
Surplus on disposal of fixed assets		29,216	31,794
Surplus on Disposal of Available for Sale Assets – realised		<u>-</u>	<u>140,983</u>
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>1,585,918</u>	<u>627,779</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Net Increase/(Decrease) in Available-for-Sale Assets		<u>(191,851)</u>	<u>(54,070)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,394,067</u>	<u>573,709</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 2017

	NOTE	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	489,571	729,572
Trade and Other Receivables	7	428,936	517,471
Other Financial Assets	10	22,984,184	22,641,686
Total Current Assets		<u>23,902,691</u>	<u>23,888,729</u>
Non-Current Assets			
Property, Plant and Equipment	5	8,556,464	7,372,323
TOTAL NON-CURRENT ASSETS		<u>8,556,464</u>	<u>7,372,323</u>
TOTAL ASSETS		<u>32,459,155</u>	<u>31,261,052</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables	8	712,145	1,159,190
Employee Benefits	9	3,555,801	3,286,080
Total Current Liabilities		<u>4,267,946</u>	<u>4,445,270</u>
Non-Current Liabilities			
Employee Benefits	9	24,928	43,568
TOTAL NON-CURRENT LIABILITIES		<u>24,928</u>	<u>43,568</u>
TOTAL LIABILITIES		<u>4,292,874</u>	<u>4,488,838</u>
NET ASSETS		<u>28,166,281</u>	<u>26,772,214</u>
ACCUMULATED FUNDS AND RESERVES			
Accumulated Funds		27,294,379	25,708,461
Available-for-Sale Investment Reserve	17	871,902	1,063,753
ACCUMULATED FUNDS AND RESERVES		<u>28,166,281</u>	<u>26,772,214</u>

(The attached notes form part of these financial statements)

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
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**STATEMENT OF CHANGES IN ACCUMULATED FUNDS AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Accumulated Funds	Available- for-Sale Investment Reserve	Total
	\$	\$	\$
Balance at 1 January 2016	25,080,682	1,117,823	26,198,505
Net increase 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	25,708,461	1,063,753	26,772,214
Net reduction in value of Available-for-sale assets	-	(191,851)	(191,851)
Net surplus for the Year	1,585,918	-	1,585,918
Balance at 31 December 2017	<u>27,294,379</u>	<u>871,902</u>	<u>28,166,281</u>

(The attached notes form part of these financial statements)

**NEW SOUTH WALES LOCAL GOVERNMENT, CLERICAL,
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**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 31 DECEMBER 2017**

	NOTE	2017 \$	2016 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Contributions and Levies from Members		14,758,139	14,587,949
Receipts from Customers		827,945	936,368
Payments to Suppliers and Employees		(14,589,177)	(15,410,363)
Interest Received		527,235	511,721
Rent Received		77,012	98,448
Other Receipts		<u>570,452</u>	<u>520,454</u>
NET CASH GENERATED BY OPERATING ACTIVITIES	21(b)	<u>2,171,606</u>	<u>1,244,577</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment to acquire Property, Plant and Equipment		(2,026,239)	(298,367)
Proceeds from the disposal of Property, Plant and Equipment		99,256	66,626
Net Received/(Payment) for Investments		<u>(484,624)</u>	<u>(993,960)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(2,411,607)</u>	<u>(1,225,701)</u>
NET INCREASE/(DECREASE) IN CASH HELD		(240,001)	18,876
Cash and cash equivalents at beginning of year		<u>729,572</u>	<u>710,696</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	21(a)	<u>489,571</u>	<u>729,572</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 2017**

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 2017 was authorised for issue in accordance with a resolution of the State Executive Committee on 18th June 2018.

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).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (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.

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 2017 (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 2017 (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 2017 (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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

	2017 \$	2016 \$
4. AQUATIC COMPLEX		
(a) STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017		
INCOME		
Accommodation and Rent	786,364	891,717
Interest	83	14
Catering (Motel)	8,436	27,728
Telephone (Motel)	-	5
Laundry Commission and Linen	9,612	7,136
TOTAL INCOME	<u>804,495</u>	<u>926,600</u>
LESS EXPENDITURE		
Depreciation	<u>101,346</u>	<u>60,761</u>
Employee Benefits Expense		
Fringe Benefits Tax	-	(10,800)
Long Service Leave	9,023	4,052
Salaries – Staff	425,958	413,921
Superannuation	<u>30,156</u>	<u>31,237</u>
	<u>465,137</u>	<u>438,410</u>
Other Expenses		
Austar	6,497	8,602
Bank Charges	5,002	4,554
Catering (Motel)	11,673	25,441
Domestic Supplies	13,123	18,093
Electricity and Gas	47,593	47,804
Land Tax	66,972	71,380
Payroll Tax	20,369	17,928
Printing, Stationery and Advertising	5,175	4,089
Rates and Taxes (Council and Water)	50,138	58,531
Repairs, Replacements and Maintenance	40,723	53,932
Sundries and Other Expenditure	10,329	15,115
Telephone (Other)	<u>8,520</u>	<u>9,216</u>
	<u>286,114</u>	<u>334,685</u>
TOTAL EXPENDITURE	<u>852,597</u>	<u>833,856</u>
OPERATING SURPLUS FOR THE YEAR	<u>(48,102)</u>	<u>92,744</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

	Note	2017 \$	2016 \$
4. AQUATIC COMPLEX (cont'd)			
(b) STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017			
ASSETS			
Current Assets			
Cash and Cash Equivalents	(e)	98,182	176,888
Receivables	(f)	<u>4,848</u>	<u>7,772</u>
Total Current Assets		<u>103,030</u>	<u>184,660</u>
Non-Current Assets			
Land and Buildings (At Cost)		4,827,214	3,239,604
Less Accumulated Depreciation on Buildings		(1,659,899)	(1,588,878)
Equipment (At Cost)		900,200	635,756
Less Accumulated Depreciation		<u>(548,780)</u>	<u>(518,456)</u>
Total Non-Current Assets	(c)	<u>3,518,735</u>	<u>1,768,026</u>
TOTAL ASSETS		<u>3,621,765</u>	<u>1,952,686</u>
LIABILITIES			
Current Liabilities			
Payables	(g)	<u>250,594</u>	<u>244,455</u>
Total Current Liabilities		<u>250,594</u>	<u>244,455</u>
NON Current Liabilities			
Provision for Long Service Leave		<u>335</u>	<u>9,751</u>
TOTAL LIABILITIES		<u>250,929</u>	<u>254,206</u>
NET ASSETS		<u>3,370,836</u>	<u>1,698,480</u>

(c) MOVEMENTS IN CARRYING AMOUNTS - NON CURRENT ASSETS

	Land and Buildings \$	Equipment \$	Total \$
Balance at 1 January 2017	1,650,727	117,299	1,768,026
Additions	1,587,610	264,444	1,852,054
Disposals	-	-	-
Depreciation	<u>(71,022)</u>	<u>(30,323)</u>	<u>(101,345)</u>
Balance at 31 December 2017	<u>3,167,315</u>	<u>351,420</u>	<u>3,518,735</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

	Note	2017 \$	2016 \$
4. AQUATIC COMPLEX (Cont'd)			
(d) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017			
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		770,725	886,113
Payments to Suppliers and Employees		(751,604)	(769,218)
Interest Received		83	14
Rent Received		<u>33,687</u>	<u>40,473</u>
NET CASH GENERATED/(UTILISED) BY OPERATING ACTIVITIES	(d)(ii)	<u>52,891</u>	<u>157,382</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for Property, Plant and Equipment		<u>(1,852,052)</u>	<u>(45,357)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(1,852,052)</u>	<u>(45,357)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net Payments to General Fund		<u>1,720,455</u>	<u>(41,227)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>1,720,455</u>	<u>(41,227)</u>
NET INCREASE/(DECREASE) IN CASH HELD		<u>(78,706)</u>	<u>70,798</u>
Cash and Cash Equivalents at beginning of financial year		<u>176,888</u>	<u>106,090</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	(d)(i)	<u>98,182</u>	<u>176,888</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

	2017 \$	2016 \$
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	1,050	1,200
Cash at Bank	97,132	175,688
	<u>98,182</u>	<u>176,888</u>
(ii) RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES WITH NET SURPLUS		
Net Surplus	(48,102)	92,744
Non-Cash Flows In Net Surplus		
Depreciation	101,346	60,761
Changes in Assets and Liabilities		
Increase/(Decrease) in Debtors	2,924	(249)
Increase in Employee Entitlements Provision	(9,416)	4,052
Increase in Creditors & Accruals	6,139	174
Decrease in GST Payable	-	(100)
NET CASH (UTILISED)/GENERATED BY OPERATING ACTIVITIES	<u>52,891</u>	<u>157,382</u>
(e) CASH AND CASH EQUIVALENTS		
Cash on Hand	1,050	1,200
Cash at Bank	97,132	175,688
	<u>98,182</u>	<u>176,888</u>
(f) RECEIVABLES		
Sundry Debtors	4,848	7,772
	<u>4,848</u>	<u>7,772</u>
(g) PAYABLES		
Sundry Creditors and Accruals	250,594	244,455
GST Payable	-	-
	<u>250,594</u>	<u>244,455</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

	2017 \$	2016 \$
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	4,827,214	3,239,604
ACT Car Park 50% with ASU Nat Office	81,818	81,818
	<u>11,926,490</u>	<u>10,338,880</u>
Less: Accumulated Depreciation	(4,722,686)	(4,401,801)
Total Land and Buildings	<u>7,203,804</u>	<u>5,937,079</u>
Office Furniture and Equipment		
At Cost	2,971,174	2,666,859
Less: Accumulated Depreciation	(2,134,365)	(1,946,098)
Total Office Furniture and Equipment	<u>836,809</u>	<u>720,761</u>
Motor Vehicles		
At Cost	1,319,425	1,408,309
Less: Accumulated Depreciation	(803,574)	(693,826)
Total Motor Vehicles	<u>515,851</u>	<u>714,483</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>8,556,464</u>	<u>7,372,323</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 2017 (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 2017	5,937,079	720,761	714,483	7,372,323
Additions	1,587,610	308,401	130,228	2,026,239
Disposals	-	(4,086)	(65,954)	(70,040)
Depreciation	(320,885)	(188,267)	(262,906)	(772,058)
Balance at 31 December 2017	<u>7,203,804</u>	<u>836,809</u>	<u>515,851</u>	<u>8,556,464</u>

	2017 \$	2016 \$
6. CASH AND CASH EQUIVALENTS		
Cash on Hand	1,700	1,700
Cash at Bank	193,178	362,855
Cash Held by Branches	196,511	188,128
Cash Held by Aquatic Complex	98,182	176,889
	<u>489,571</u>	<u>729,572</u>

7. Trade and Other Receivable

Current

Trade Debtors	66,500	115,606
Prepayments	356,011	392,517
Sundry Debtors	1,577	1,577
Sundry Debtors – Aquatic Complex	4,848	7,771
	<u>428,936</u>	<u>517,471</u>

8. PAYABLES

Sundry Creditors and Accruals	304,612	691,251
Sundry Creditors – Aquatic Complex	250,594	244,455
GST Payable	156,939	223,484
	<u>712,145</u>	<u>1,159,190</u>

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FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

		2017 \$	2016 \$
9. EMPLOYEE BENEFITS			
Current			
Provision for Sick Leave		1,097,581	948,087
Provision for Annual Leave		662,445	641,152
Provision for Long Service Leave		1,795,775	1,696,841
		<u>3,555,801</u>	<u>3,286,080</u>
Non-Current			
Provision for Long Service Leave		24,928	43,568
		<u>24,928</u>	<u>43,568</u>
10. Other Financial Assets			
Investment General Fund	11	20,472,315	20,227,255
Long Service Leave Fund	12	2,088,037	2,033,513
Mortality Fund	13	290,757	287,135
Other Investments		133,075	93,783
		<u>22,984,184</u>	<u>22,641,686</u>
11. INVESTMENT – GENERAL FUND CURRENT			
Cash and Cash Equivalents			
Cash Deposits		1,447,454	4,030,220
Term Deposit		9,764,224	9,536,985
Available-For-Sale Financial Assets			
Shares in Listed Companies (at fair value)	14	3,926,802	3,873,679
Managed Funds (at fair value)	14	843,199	767,847
Investments in Bonds (at fair value)	14	4,490,636	2,018,524
		<u>20,472,315</u>	<u>20,227,255</u>
12. INVESTMENTS – LONG SERVICE LEAVE FUND CURRENT			
Cash and Cash Equivalents			
Cash Deposit		2,088,037	2,033,513

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

**13. INVESTMENTS - MORTALITY FUND
CURRENT**

Cash and Cash Equivalents

Cash Deposits	290,757	287,135
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14. AVAILABLE - FOR - SALE FINANCIAL ASSETS

At Fair Value

Shares in Listed companies	3,926,802	3,873,679
General Fund Managed Funds	843,199	767,847
Investment in Bonds	4,490,636	2,018,524
	<u>9,260,637</u>	<u>6,660,050</u>

15 AUDITORS' REMUNERATION

Auditing the Financial Statements	55,000	48,000
Other Services	5,300	5,300
Prior Year Audit Fee	1,798	(1,075)
	<u>62,098</u>	<u>52,225</u>

16. SALARIES - OFFICERS AND STAFF

Elected Officers	171,946	156,384
Officials	3,774,785	4,026,624
Administration Staff	1,653,789	1,646,937
Aquatic Complex Staff	398,191	413,921
	<u>5,998,711</u>	<u>6,243,866</u>

17. RESERVES

**Available-for-Sale
Investment Reserve**

Opening Balance	1,063,753	1,117,823
Change in fair value during the year	<u>(191,851)</u>	<u>(54,070)</u>
	<u>871,902</u>	<u>1,063,753</u>

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

	2017 \$	2016 \$
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	135,111	342,651
	<u>342,651</u>	<u>550,191</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 \$12,640 (2016: \$11,723).
- (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 2017 (Cont'd)**

	2017	2016
	\$	\$
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	193,178	362,855
Cash Held by Branches	196,511	188,129
Cash on Hand – Aquatic Complex	1,050	1,200
Cash at Bank – Aquatic Complex	97,132	175,688
	<u>489,571</u>	<u>729,572</u>
(b) Reconciliation of cash flow from operations with operating results:		
Net Surplus - General Fund	1,585,918	627,779
Non-Cash Flows in Operating Results		
Depreciation	772,058	876,297
(Surplus)/Loss on Sale of Assets	(29,216)	(31,794)
Reinvestment of income from managed funds	(10,434)	(148,486)
Loss on disposal of assets	-	-
Changes in Assets and Liabilities		
(Increase)/Decrease in Sundry Debtors and Prepayments	88,535	(62,448)
(Increase)/Decrease in Accrued Interest	(39,292)	(31,350)
Increase in Employee Entitlement Provisions	251,080	(66,610)
(Decrease)/Increase in Sundry Creditors & GST Payable	<u>(447,043)</u>	<u>81,189</u>
CASH FLOW GENERATED/(UTILISED) FROM OPERATIONS	<u>2,171,606</u>	<u>1,244,577</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017(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:

	2017	2016
	\$	\$
Cash at Bank	486,821	726,671
Cash Deposit	1,447,454	4,030,220
Term Deposit	9,764,224	9,536,985
	<u>11,698,499</u>	<u>14,293,876</u>

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

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 2017, it had \$11,698,499 (\$14,293,876 - 2016) of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 31st December, 2017 totalled \$712,145 (\$1,159,190 - 2016).

(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 2017	Floating interest rate	Non interest bearing	Total
Financial Assets	\$	\$	\$
Cash	486,821	2,750	489,571
Cash Deposits	13,594,554	-	13,594,554
Investments	5,337,275	-	5,337,275
Total Financial Assets	19,418,650	2,750	19,421,400
Weighted Average Interest Rate	2.36%		
Financial Liabilities	\$	\$	\$
Payables	-	712,145	712,145
Total Financial Liabilities	-	712,145	712,145
Net Financial Assets/(Liabilities)	19,418,650	(709,395)	18,709,255

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

22. FINANCIAL RISK MANAGEMENT (Continued)

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

(e) Interest Rate Risk

Sensitivity Analysis

2017	Carrying Amount	+1% (100 basis points) Profit	-1% (100 basis points) Loss
	\$	\$	\$
Cash & Cash Equivalents	19,418,650	194,187	(194,187)
2016	Carrying Amount	+1% (100 basis points) Profit	-1% (100 basis points) Loss
	\$	\$	\$
Cash & Cash Equivalents	19,408,416	194,084	(194,804)

(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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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%(2016 -10%) with all other variables held constant and all the Union's equity instruments moved according to the historical correlation with the index.

	2017	2016
	\$	\$
Effect on equity		
Increase of equity index by 10%	926,408	666,349
Decrease of equity index by 10%	(926,408)	(666,349)

(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
FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)**

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 2017.

	Level 1		Level 2		Level 3		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Available-for-sale financial assets	9,260,637	6,660,050	-	-	-	-	9,260,637	6,660,050
Financial assets through profit and loss	-	-	-	-	-	-	-	-
Total assets	<u>9,260,637</u>	<u>6,660,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,260,637</u>	<u>6,660,050</u>

There were no transfers between Level 1, Level 2 and Level 3 in 2017 or 2016.

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

	2017	2016
	\$	\$
Estimate of the maximum amount of contingent liabilities that may become payable:		
Nil	-	-

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 2017, 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 2017 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 Industrial Relations Act 1996 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 State Executive and General Secretary 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 2017, 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.

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 the State Executive and General Secretary determines 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 State Executive and General Secretary 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 State Executive and General Secretary.

We conclude on the appropriateness of State Executive and General Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

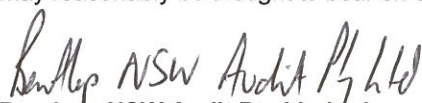
We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

We communicate with the State Executive and General Secretary 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.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the State Executive and General Secretary 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: 18/06/2018