



CHEMICAL, ENERGY, PAPER, PRINTING, WOOD AND ALLIED WORKERS UNION
(REGISTRATION NUMBER LR2/6/2/833)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Chemical, Energy, Paper, Printing, Wood and Allied Workers Union

(Registration number LR2/6/2/833)

Annual Financial Statements for the year ended 31 December 2015

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Chemical, Energy, Paper, Printing, Wood and Allied Workers Union

(Registration number LR2/6/2/833)

Annual Financial Statements for the year ended 31 December 2015

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Trade Union
NATIONAL OFFICE BEARERS	Thamsanqa Vumani Mhlongo Lucas Mashego Nocongress Eunice Dlodlo Simon Mofokeng Samuel Buti Seatholo Thulasizwe Wilfred Sibande
UNION REGISTRATION NUMBER	LR2/6/2/833
REGISTERED OFFICE	11th Floor Renaissance Centre 16-20 New Street South Ghandi Square Johannesburg 2001
BUSINESS ADDRESS	11th Floor Renaissance Centre 16-20 New Street South Ghandi Square Johannesburg 2001
ADMINISTRATOR	Thulisile Njapa Mashanda Case No: J2896/18
LEGAL ADVISORS	Cheadle Thompson & Haysom Inc Attorneys
AUDITORS	Ngubane & Co. (Johannesburg) Inc. Registered Auditors Ngubane House 1 Superior Road Midrand Gauteng 1685
BANKERS	Nedbank
LEVEL OF ASSURANCE	These annual financial statements have been audited in compliance with the applicable requirements of the Labour Relations Act 66 of 1995.
ISSUED	08 April 2021

Chemical, Energy, Paper, Printing, Wood and Allied Workers Union

(Registration number LR2/6/2/833)

Annual Financial Statements for the year ended 31 December 2015

The Administrator's Responsibilities and Approval

The Administrator is authorised to commission the preparation of the audited financial statements of the union for the year ending 2015.

The union is required in terms of the Labour Relations Act 66 of 1995 to maintain adequate accounting records and to prepare financial statements.

The National Office Bearers Committee is required in terms of the Constitution of the union, to keep books and accounts of the union as required in terms of the Labour Relations Act, and to prepare an annual report of activities of the union that includes annual financial statements and the auditor's report. The National Office Bearers Committee is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the union as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The Administrator has taken over the responsibility for the preparation of the annual financial statements per the Court Order, and has been vested with the powers of the National Office Bearers Committee, and is accordingly responsible for the content and integrity of the annual financial statements and related information included in this report. It is her responsibility to ensure that the annual financial statements fairly present the state of affairs of the union as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The National Office Bearers Committee was ultimately responsible for the system of internal financial control established by the union during the financial year ending 31 December 2015. A solid foundation for a good system of internal financial control places considerable importance on maintaining a strong control environment. To enable the national office bearers to meet these responsibilities, they should have set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls should be monitored throughout the union and all employees should be required to maintain the highest ethical standards in ensuring the union's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the union should be on identifying, assessing, managing and monitoring all known forms of risk across the union.

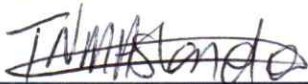
While operating risk cannot be fully eliminated, the union endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Administrator is of the opinion, based on the work done since the commencement of the administration process, that the financial records may be relied on for the preparation of the annual financial statements.

The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources management has no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation.

The financial statements have been audited by the independent auditing firm, Ngubane & Co. (Johannesburg) Inc., who have been given unrestricted access to all financial records and related data, including minutes of all meetings. Management believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's audit report is presented on pages 6 to 10.

The annual financial statements set out on pages 11 to 30, were approved by the Administrator on 08 April 2021 and were signed by her:



Thulisile Njapa Mashanda

Chemical, Energy, Paper, Printing, Wood and Allied Workers Union

(Registration number LR2/6/2/833)

Annual Financial Statements for the year ended 31 December 2015

The Administrator's Report

The Administrator submits her report on the annual financial statements of the union for the year ended 31 December 2015.

1. Administration

The union was placed under administration by the Labour Court in terms of Section 103A of the Labour Relations Act, No 66 of 1995, by order given in case number J2896/18, effective 4 June 2020. Ms. Thulisile Njapa Mashanda was appointed as the Administrator by the Labour Court with effect from 04 June 2020.

In terms of Section 3.8 of the Court Order the Administrator is authorised to commission the preparation of the audited financial statements of the union for the year ending 2014, 2015, 2016 and 2017.

2. Separate financial statements

These separate financial statements are presented in addition to CEPPWAWU's consolidated financial statements which include investments in subsidiaries and associates.

These separate financial statements are prepared in order to meet the requirements of section 98 of the Labour Relations Act No. 66 of 1995.

3. Nature of business

Chemical, Energy, Paper, Printing, Wood and Allied Workers Union is a trade union registered in terms of section 96(7) of the Labour Relations Act, 1995, and is domiciled in South Africa.

The operating results and statement of financial position of the organisation are fully set out in the attached financial statements and do not in our opinion require any further comment.

4. National Office Bearers Committee

The national office bearers in office at the date of the financial year end were as follows:

National Office Bearers	Designation
Thamsanqa Vumani Mhlongo	President
Lucas Mashego	First Deputy President
Nocongress Eunice Dlodlo	Second Deputy President
Simon Mofokeng	General Secretary
Samuel Buti Seatlholo	Deputy General Secretary
Thulasizwe Wilfred Sibande	National Treasurer

The national office bearers at the date of the financial statements were as follows:

National Office Bearers	Designation
Thamsanqa Vumani Mhlongo	President
Lucas Mashego	First Deputy President
Joe Dube	Second Deputy President
Lemmy Mokoena	National Treasurer
Welile Noling	General Secretary
Musa Bhengu	Deputy General Secretary

In accordance of Section 3.1. of the court order Ms Thulisile Njapa Mashanda takes the place of all the National Office Bearers, in order to take control of the union.

5. National Office Bearers' interests in contracts

The Administrator is not aware of contracts that were entered into during the financial year, in which National Office Bearers or officers of the union had an interest and which significantly affected the business of the union.

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Annual Financial Statements for the year ended 31 December 2015

The Administrator's Report

6. Events after the reporting period

All events subsequent to year end and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

The legal claim against the Union by Nashua regarding the cancellation of a contract for the rental of photo copier equipment from Nashua, was resolved during the 2018 financial year. The provision for the legal claim was subsequently adjusted to reflect a more reasonable amount based on the eventual settlement of R5,000,000 that was paid in October 2018.

Subsequent to year-end, the union was placed under administration by the Labour Court in terms of Section 103(A) of the Labour Relations Act, No 66 of 1995, effective 4 June 2020. Ms. Thulisile Njapa Mashanda was subsequently appointed as the Administrator by the Labour Court.

Subsequent to year-end, and prior to the date the AFS were approved for issue, the World Health Organisation declared the COVID-19 contagion a pandemic on 11 March 2020. The President of South Africa declared a national state of disaster, with lockdown measures introduced, that could severely impact businesses and have a potentially negative impact on the economy. The following points were considered when assessing going concern for the Union:

1. No significant decline in subscription revenue has been noted and this is expected to continue;
2. Impact on industries that the Union operates in.
3. There have been no instances where employers have approached the Union and said they need to retrench staff specifically because of Covid-19.

The Administrator has assessed the likelihood of the above conditions changing, and is of the opinion that the Covid-19 pandemic will not negatively impact the Union's financial position.

7. Re-issued of 2015 annual financial statements

The annual financial statements for 2015 have been re-issued due to accounting errors identified in the accounting for the legal claim provision, the agency bank account, amounts withdrawn from the agency account to meet qualifying expenditure incurred by CEPPWAWU, amounts recognised for subscriptions receivable, and finance lease liabilities not recognised.

8. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business of the union.

The Union made a loss of R6,649,384 (2014: R5,334,015) and is in a net liability position of R23,229,063 (2014: R16,579,669). The Union has been able to continue as a going concern by negotiating delayed payments with creditors. The Union is a beneficiary of the CEPPWAWU Development Trust ("CDT") which is a 100% shareholder in CEPPWAWU Investments (Pty) Ltd ("CI"). Financial assistance in the form of loans was provided by CI in 2017 and 2018 and this enabled the Union to continue with its activities. It is on this basis that the going concern basis has been adopted in preparing the annual financial statements.

9. Auditors

Ngubane & Co. (Johannesburg) Inc. continued in office as auditors for the union for 2016.

**NGUBANE**

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Independent Auditor's Report

To the Members of the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union for the year ended 31 December 2015

Report on the Audit of the Separate Financial Statements**Qualified Opinion**

We have audited the separate financial statements of Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) set out on pages 11 to 32 which comprise the separate statement of financial position as at 31 December 2015, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) as at 31 December 2015, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Labour Relations Act 66 of 1995 and the Constitution.

Basis for qualified Opinion**Revenue and receivables**

The Union did not have adequate systems to maintain records of membership register for billing purposes. The Union recognised its revenue based on cash collection up-to the 15th day of the following month. Accordingly, it is impractical for us to extend our examination beyond the actual receipt recorded. Furthermore, Subscriptions – Agency as per the Union's financial statement is based on funds withdrawn from the Agency bank account for purposes of qualifying expenses and not Agency revenue resulting from Agency agreements. Consequently, we were unable to determine whether any adjustment relating to the revenue subscription and receivables stated at R 41 886 124 (2014: R 42 429 925) and R 1 605 571 (2014: R 1 583 788) respectively in note 13 and 7 in the separate financial statements was necessary.

Leave Provision

We could not obtain sufficient appropriate evidence for leave provisions due to system deficiencies and lack of proper record keeping. We were unable to confirm the leave-pay provision by alternative means. Consequently, we were unable to determine whether any adjustment relating to the leave pay provision stated at R 562 864 (2014: R 709 422) in note 10 the separate financial statements was necessary.

Provision – Legal claim

We were unable to obtain sufficient appropriate audit evidence the legal provision amount in the separate financial statements. The current year amount did not take into consideration the time value of money in the determination of the provision estimation. Consequently, we were unable to determine whether any adjustment was necessary to the Legal claim liability corresponding amount stated at R 5 000 000 (2014: R 5 000 000) in the separate financial statements.

NGUBANE (JOHANNESBURG) INC. Reg. No. 2010/016757/21 | Ngubane House, 1 Superior Road, Midrand, 1685

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Agency operations- Segment reporting

During our audit, we noted that the Agency operations were not reported or included in the Union's financial statements as an operating segment of the Union as required by IFRS 8 - Operating Segment. As a result of the above, the current year and related comparative figures on revenue, expenses and cash and cash equivalent and retained income excludes the financial information of the Agency. We were unable to satisfy ourselves by alternative means concerning the accounting effect and the related disclosures for the current year and prior year financial information for the Agency, in respect of the movements in the statement of profit or loss and other comprehensive income, the net cash flows from operating activities reported in the statement of cash flows and the changes in equity reported in the statement of changes in equity.

Finance Leases – Presentation and Disclosure

During our audit, we noted that the Finance Leases were not adequately disclosed in accordance with IAS 17. The standard requires a disclosure of a reconciliation between the total of future minimum lease payments at the end of the reporting period, and their present value. The disclosure on note number 9 only shows a split between the long-term portion and long-term portion. As a result of the above, the disclosure on the finance leases is misstated.

Unsupported expenditure

The Union could not provide us with sufficient and appropriate supporting documents for expenditure from a sample selected amounting to R356 874, 33 resulting in an extrapolated misstatement of R 2 189 671,93. The effect that this matter has on the qualitative disclosure requirements and financial impact the on financial statements cannot be ascertained and alternative procedures thereof could not be performed.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

Going concern uncertainty.

We draw attention to Note 22 in the financial statements, which indicates that the CEPPWAWU incurred a net loss of R6 649 384 during the year ended 31 December 2015 and, as of that date, CEPPWAWU current liabilities exceeded its total assets by R23 229 063. As stated in Note 22, these events, or conditions, indicate that a material uncertainty exists that may cast significant doubt on CEPPWAWU's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Subsequent Event

Re-issue of signed annual financial statements

We draw attention to Note 23 to the financial statements which indicates that the previously issued financial statements for the year ended 31 December 2015, on which we issued an auditor's report dated 20 March 2020, have been revised and reissued on the following matters:

- i. As explained in Note 23, the financial statements were re-issued to reflect the effects of the correction of the accounting treatment of Loan from Agency Account balance. The previous audited financial statements were qualified based on the contraventions related to the agency account.
- ii. The previously issued financial statements were prepared using IFRS for SMEs instead of IFRS and has now been prepared under IFRS.

Our opinion was modified in respect to this matter.

Events after reporting date: The impact of the uncertainty of COVID-19

We draw attention to note 23 to the financial statements, which deals with events after reporting date and specifically the possible effects of the future implications of COVID-19 on CEPPWAWU future prospects. Management have also described the conclusions on their assessment of the impact of Covid-19 on the Agencies financial position. Our opinion is not modified in respect of this matter.

Other Matters

The entity has opted to prepare separate financial statements for the Union as indicated in note 2 of the Administrators report. Our opinion is not modified in respect of this matter.

Other Information

The Administrator is responsible for the other information. The other information comprises the information included in the document titled "Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) Annual Financial Statements for the year ended 31 December 2015", which includes the Administrators' Report as required by the Labour Relations Act 66 of 1995. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 Administrator for the Financial Statements

The Administrator is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Labour Relations Act 66 of 1995, and for such internal control as the Administrator determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Administrator is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administrator either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are 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 ISAs 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 these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Administrator.
- Conclude on the appropriateness of the Administrator'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 company'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 separate financial statements 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provided the administrator with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the administrator, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Auditing Standards, we report the following material instances of non-compliance that have come to our attention during the course of the audit:

- i. The entity did not remit certain PAYE amounts to the Receiver of Revenue (SARS) within due dates as prescribed by Section 89 bis (2) of the Income Tax Act No. 58 of 1962;

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified the following reportable irregularities in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors:

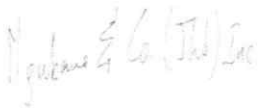
- i. In terms of section 98(1) (b) of the Labour Relations Act of 1995, every registered trade union is required to within six months after each financial year, prepare financial statements and have the financial statements audited as per section 98(2) of the Labour Relations Act of 1995. The union contravened this requirement as it did not prepare its financial statements for the year ended 31 December 2015 within the prescribed period of 6 months.

Contravention with the Constitution of the Union

- ii. In terms of the Constitution, the National Office Bearers Committee is required to meet at least once a month to determine its own rules of procedure in terms of section 41 of the Constitution. The National Executive Committee must meet at least thrice a year as per section 44 of the Constitution. The national finance Committee must meet bi-monthly as per section 72 of the Constitution. Full minutes of a meeting must be kept by the secretary to the relevant structure of the union and must be circulated no later than 14 days following the meeting. The union contravened with the above stated sections of its Constitution as no meetings were conducted during the financial period ending 31 December 2015.
- iii. In terms of section 11 (1) (b) of the Union's Constitution, a member of the union remains in good standing unless the member's subscription fees are more than three months in arrears and in terms of section (11) (3), only a member in good standing is entitled to the benefits of membership. A membership list was not maintained by the Union; therefore, the Union did not have a process in place to identify members that were not in good standing.

Auditor tenure

In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ngubane and Company (Johannesburg) Incorporated has been the auditor of Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) for 2 year.



Ngubane & Co. (Jhb) Incorporated

Registered Auditors

Director: Nomathamsanqa Ashom

Registered Auditor

08 April 2021

Chemical, Energy, Paper, Printing, Wood and Allied Workers Union

(Registration number LR2/6/2/833)

Annual Financial Statements for the year ended 31 December 2015

Statement of Financial Position as at 31 December 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Non-Current Assets			
Property, plant and equipment	3	3 905 828	38 129
Other financial assets	5	427 665	350 000
		4 333 493	388 129
Current Assets			
Loans receivable	6	8 889	5 867
Trade and other receivables	7	1 605 571	1 583 788
Other financial assets	5	248 451	209 816
Cash and cash equivalents	8	2 053 781	2 319 094
		3 916 692	4 118 565
Total Assets		8 250 185	4 506 694
Equity and Liabilities			
Equity			
Retained income		(23 229 063)	(16 579 669)
Liabilities			
Non-Current Liabilities			
Finance lease liabilities	9	3 629 817	-
Current Liabilities			
Trade and other payables	12	19 639 377	13 826 667
Finance lease liabilities	9	138 090	-
Provisions	10	5 562 864	5 709 422
Other liabilities	11	2 509 100	1 543 046
Bank overdraft	8	-	7 228
		27 849 431	21 086 363
Total Liabilities		31 479 248	21 086 363
Total Equity and Liabilities		8 250 185	4 506 694

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Annual Financial Statements for the year ended 31 December 2015

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2015	2014
Revenue	13	41 886 124	42 429 925
Other income		2 152 165	1 261 103
Operating expenses		(47 739 089)	(49 088 451)
Operating loss	14	(3 700 800)	(5 397 423)
Finance income	15	88 923	72 703
Finance costs	16	(3 037 507)	(9 295)
Loss for the year		(6 649 384)	(5 334 015)
Other comprehensive income		-	-
Total comprehensive loss for the year		(6 649 384)	(5 334 015)

Chemical, Energy, Paper, Printing, Wood and Allied Workers Union

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Annual Financial Statements for the year ended 31 December 2015

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 January 2014	(11 245 654)	(11 245 654)
Loss for the year	(5 334 015)	(5 334 015)
Other comprehensive income	-	-
Total comprehensive Loss for the year	(5 334 015)	(5 334 015)
Balance at 01 January 2015	(16 579 679)	(16 579 679)
Loss for the year	(6 649 384)	(6 649 384)
Other comprehensive income	-	-
Total comprehensive Loss for the year	(6 649 384)	(6 649 384)
Balance at 31 December 2015	(23 229 063)	(23 229 063)

Chemical, Energy, Paper, Printing, Wood and Allied Workers Union

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Annual Financial Statements for the year ended 31 December 2015

Statement of Cash Flows

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Cash used in operations	18	2 641 560	(1 200 540)
Interest income		88 923	72 703
Finance costs		(3 037 507)	(9 295)
Net cash from operating activities		(307 024)	(1 137 132)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(4 565 698)	(25 399)
Movement in long term deposits		(116 300)	(49 951)
Movement in loans receivable		(3 022)	15 533
Net cash from investing activities		(4 685 020)	(59 817)
Cash flows from financing activities			
Increase in finance lease liabilities		3 767 903	-
Movement in other liabilities		966 054	1 300 418
Net cash from financing activities		4 733 957	1 300 418
Total cash movement for the year		(258 087)	103 469
Cash at the beginning of the year		2 311 868	2 208 397
Total cash at end of the year	8	2 053 781	2 311 866

Chemical, Energy, Paper, Printing, Wood and Allied Workers Union

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Annual Financial Statements for the year ended 31 December 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The annual financial statements have been prepared on the historical cost basis unless stated otherwise, and incorporate the principal accounting policies set out below. These accounting policies are consistent with the previous period.

The functional and presentation currency of CEPPWAWU is the South African Rand.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Critical judgements in applying accounting policies

Management has applied significant judgement in determining the qualifying expenditure incurred by CEPPWAWU. The transfer from the agency bank account is assumed to be utilised first on the qualifying expenditure incurred by the Union. Any excess expenditure incurred by CEPPWAWU over and above the funds transferred from the agency bank account will be for CEPPWAWU's account and will not be transferred to the agency account.

Management has applied significant judgement in determining that the amount of revenue accrued is limited to the amount received within the first 15 days of the following month.

Key sources of estimation uncertainty

Provisions

The provision for legal claim is based on the amount the Union would rationally pay to settle the obligation, and includes arrears at the time the legal claim was instituted.

Other financial assets

The assessment of whether other financial assets (deposits) are impaired is based, to a considerable extent, on management's judgement.

Control over subsidiaries and significant influence over associates

Judgement is applied in the assessment of whether the Union has control (directly or indirectly) over subsidiaries and whether it has significant influence (directly or indirectly) over associates.

Chemical, Energy, Paper, Printing, Wood and Allied Workers Union

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Accounting Policies

1.2 Revenue

Revenue comprises the fair value of the consideration received or receivable for services rendered in the normal course of business, to members of the union who are in good standing. Revenue is shown net of returns and discounts.

The organisation 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 the organisation's activities, as described below:

1.2.1 Subscriptions

Subscriptions include membership contributions received from the members themselves and their collection agents, and are accounted for on the accrual basis. The amount accrued is limited to that which was received within the first 15 days of the following month.

This is to ensure that revenue and subscriptions receivable are not overstated with amounts that may never be received.

1.2.2 Agency Fees Received

Agency fees received are recognised as revenue when the funds are withdrawn from the agency bank account to meet qualifying expenses

1.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to it.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Residual values and useful lives

Residual values and useful lives are reviewed annually except where the assets are already fully depreciated, and subject to materiality.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	10 years
Motor vehicles	4 years
IT equipment	5 years
Other fixed assets	10 years

1.4 Impairment of assets

The Union assesses, at the end of each reporting period, whether there is any indication that an asset is impaired. If any such indication exists, the Union estimates the recoverable amount of the asset. In assessing whether there is any indication that an asset may be impaired, the Union considers indications from both external sources of information and internal sources of information.

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Accounting Policies

1.5 Leases

The Union as Lessee

Assets and liabilities under finance leases are recognised at the lower of the present value of minimum lease payments and the fair value of the asset.

Assets held under finance leases are recognised as assets of the organisation at their fair value at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognised as an asset. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Assets are depreciated over the shorter of the lease term and the useful life. Finance charges are charged directly to profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciation and impairment losses are recognised.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease, unless the payments are structured to increase with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is more representative of the pattern of benefit.

1.6 Financial instruments

Recognition

Financial assets and liabilities are recognised on the Union's statement of financial position when it becomes a party to the contractual provisions of the instrument.

Classification

Financial assets and financial liabilities are classified into the following categories: Trade and other receivables, Other financial assets, Trade and other payables, and Cash and cash equivalents.

Classification depends on the purpose for which the financial instruments were acquired and takes place at initial recognition.

Initial measurement

Trade and other receivables, and Other financial assets

Trade and other receivables, and Other financial assets, are recognised initially at the transaction price plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Trade and other payables

Trade and other payables are recognised initially at the transaction price plus transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Cash and cash equivalents

Cash and cash equivalents are recognised initially at the transaction price plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Subsequent measurement

Trade and other receivables, and Other financial assets

Trade and other receivables, and Other financial assets, are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade and other receivables, and other financial assets, is established when there is objective evidence that the organisation will not be able to collect all amounts due according to the original terms of the receivables and other financial assets.

Trade receivables are only provided to the extent that the amount is considered to be receivable. An amount is considered receivable if it was received within the first 15 days after the end of the financial year.

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Accounting Policies

1.6 Financial instruments (continued)

Trade and other payables

Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

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

Cash and cash equivalents are classified as held-to-maturity investments and are accounted for at amortized cost.

Derecognition

The Union derecognises financial assets when the contractual rights to the cashflows from the financial asset expire, are waived or are settled.

The Union derecognises financial liabilities when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Offsetting

The Union does not offset financial assets and financial liabilities.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Pension obligations

Past-service costs are recognised immediately in profit or loss.

For defined contribution plans, the organisation pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as an employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

1.8 Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when:

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

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Accounting Policies

1.8 Provisions, contingent liabilities and contingent assets (continued)

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

1.9 Interest income

Interest income is recognised using the effective interest method and presented as finance income on the face of the statement of profit or loss and other comprehensive income.

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2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the union's accounting periods beginning on or after 01 January 2016 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 10 Consolidated Financial Statements	Amendments deferring the effective date of the September 2014 amendments	Unlikely there will be a material impact
• IFRS 15 Revenue from Contracts with Customers	Amendments to defer the effective date to 01 January 2018	Unlikely there will be a material impact
• IAS 28 Investments in Associates and Joint Ventures	Amendments deferring the effective date of the September 2014 amendments	Unlikely there will be a material impact

The Administrator has considered the effects of standards and interpretations in issue but not yet effective and is satisfied that they are not applicable to the union and will have no effect on future financial statements.

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3. Property, plant and equipment

	2015			2014		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	1 115 750	(1 100 709)	15 041	1 110 452	(1 099 307)	11 145
Motor vehicles	-	-	-	990 898	(990 898)	-
IT equipment	1 549 271	(1 177 723)	371 548	1 123 305	(1 102 117)	21 188
Other fixed assets	8 191	(3 214)	4 977	8 191	(2 395)	5 796
Finance lease asset: Printers	4 134 426	(620 164)	3 514 262	-	-	-
Total	6 807 638	(2 901 810)	3 905 828	3 232 846	(3 194 717)	38 129

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	11 145	5 299	(1 403)	15 041
IT equipment	21 188	425 966	(75 606)	371 548
Other fixed assets	5 796	-	(810)	4 977
Finance lease asset: Printers	-	4 134 433	(620 171)	3 514 262
	38 129	4 565 698	(697 990)	3 905 828

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	-	11 795	(650)	11 145
IT equipment	11 907	13 334	(4 053)	21 188
Other fixed assets	6 336	270	(810)	5 796
	18 243	25 399	(5 513)	38 129

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4. Leases

Lease liabilities

Operating lease straight line adjustment has been included in the trade and other payables line item in the Statement of Financial Position. Refer to note 12 trade and other payables

The amounts below relate only to legally binding lease agreements that existed at year-end, and do not include leases that were running on a month-to-month basis without lease agreements.

Operating lease commitments comprise -

Future minimum lease payments not later than one year	2 023 754	2 758 263
Future minimum lease payments later than one year and not later than five years	2 814 105	1 904 396
	<u>4 837 859</u>	<u>4 662 659</u>

The amounts above relate to those leases for which there are agreements in place as at the end of the financial year. Leases running on a month-to-month basis or for which no agreements could be found have not been included.

Operating lease costs incurred

- Office equipment	-	3 844 837
- Premises (including utilities)	5 062 099	5 075 391
- Straight lining adjustment	(228 978)	27 109
	<u>4 833 121</u>	<u>8 947 337</u>

5. Other financial assets

Investment in CEPPWAWU Development Trust
Terms and conditions
Long term deposits

-	-
676 116	559 816
<u>676 116</u>	<u>559 816</u>

Non-current assets

Other financial assets

427 665	350 000
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Current assets

Loans and receivables

248 451	209 816
<u>676 116</u>	<u>559 816</u>

The long-term deposits relate to rental deposits paid at the inception of operating leases for office premises, are in most instances interest free, and are refundable at termination of the lease subject to any deductions for restoration of the premises to a satisfactory condition.

6. Loans receivable

Personal loans
Study loans

8 539	5 517
350	350
<u>8 889</u>	<u>5 867</u>

Included in loans receivable are amounts owing by employees of the union.

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7. Trade and other receivables

Financial instruments:

Trade receivables

1 462 739

1 396 671

Other receivables

142 832

187 117

Total trade and other receivables

1 605 571

1 583 788

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8. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances - Provincial	549 240	526 947
Bank balances - Other	1 310 930	1 228 534
Bank balances - Head Office	187 171	561 953
Bank balances - Project	6 135	1 529
Bank balances - Salary	305	131
Bank overdraft	-	(7 228)
	2 053 781	2 311 866
Current assets	2 053 781	2 319 094
Current liabilities	-	(7 228)
	2 053 781	2 311 866

There are no specific terms and conditions that apply to the overdraft.

9. Finance lease liability

Held at amortised cost

Pambili finance lease	3 767 907	-
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Split between non-current and current portions

Non-current liabilities	3 629 817	-
Current liabilities	138 090	-
	3 767 907	-

10. Provisions

Reconciliation of provisions - 2015

	Opening balance	Amounts (reversed)/ incurred and charged against the provision	Total
Legal proceedings	5 000 000	-	5 000 000
Provision for leave pay	709 422	(146 558)	562 864
	5 709 422	(146 558)	5 562 864

Reconciliation of provisions - 2014

	Opening balance	Amounts (reversed)/ incurred and charged against the provision	Total
Provision for settlement of legal claim	5 868 942	(868 942)	5 000 000
Provision for leave pay	1 063 850	(354 428)	709 422
	6 932 792	(1 223 370)	5 709 422

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10. Provisions (continued)		
Nashua has submitted a claim against the Union for losses incurred as a result of the Union's cancellation of a contract for the rental of photocopier equipment and the expected interest on the amount deemed payable. The amount of the provision represents the final settlement amount.		
The leave pay provision relates to possible vesting leave to which employees may become entitled upon leaving the employment of the organisation. The provision arises as an employee renders a service that increases their entitlement to future compensated leave and is calculated based on an employee's total cost of employment. The provision is utilised when employees become entitled to and are paid for their accumulated leave pay or utilise the compensated leave due to them.		
11. Other liabilities		
SARS payroll liabilities	2 509 100	1 543 046
12. Trade and other payables		
Trade payables	17 313 320	12 289 996
Other accruals	783 316	314 371
Other creditors - Funeral benefit	29 970	4 872
Other creditors- Garnishee	31 012	6 005
Other creditors - Home loans	188 823	174 945
Other creditors - Medical Aid	140 746	69 783
Other creditors - Provident fund	796 275	386 135
Other creditors - Risk cover	83 049	78 716
Other creditors - Straightlining of lease	272 866	501 844
	19 639 377	13 826 667
13. Revenue		
Subscriptions - Members	41 004 124	41 402 925
Subscriptions - Agency Shop	882 000	1 027 000
	41 886 124	42 429 925
14. Operating profit (loss)		
Operating loss for the year is stated after charging (crediting) the following, amongst others:		
Auditor's remuneration - external		
Audit fees	800 000	999 450
Depreciation and amortisation		
Depreciation of property, plant and equipment	697 992	5 513
Leases		
Operating lease charges		
Premises	4 833 121	5 102 500
Equipment	-	3 844 837
	4 833 121	8 947 337

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15. Finance income		
Interest income		
Investments in financial assets:		
Bank and other cash	88 923	72 703
16. Finance costs		
Finance lease liability	2 838 814	-
Bank overdraft	677	852
Tax authorities	189 362	-
Rentals	8 654	8 443
Total finance costs	3 037 507	9 295
17. Taxation		
CEPPWAWU is exempt from income tax in terms of section 10 of the Income Tax Act.		
18. Cash generated from/(used in) operations		
Loss before taxation	(6 649 384)	(5 334 015)
Adjustments for:		
Depreciation and amortisation	697 992	5 513
Interest income	(88 923)	(72 703)
Finance costs	3 037 507	9 295
Movements in provisions	(146 558)	(1 173 370)
Changes in working capital:		
Increase in Trade and other receivables	(21 783)	(54 425)
Increase in Trade and other payables	5 812 709	5 419 165
	2 641 560	(1 200 540)

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19. Related parties

Parent and ultimate controlling party

CEPPWAWU is a trade union, and by virtue of its nature does not have a parent as it does not have issued share capital.

The ultimate controlling party is the National Congress which, per the Constitution, is the supreme decision making body of the Union. The National Congress does not produce consolidated financial statements available for public use. There is no party that produces consolidated financial statements that include CEPPWAWU.

Relationships

Parties controlled by CEPPWAWU

CEPPWAWU Agency Account - an account to which agency fees arising from agency shop agreements that CEPPWAWU is party to are received

CEPPWAWU Development Trust - a special purpose entity created to generate income from investment and other sources and to utilise this income to provide financial assistance to CEPPWAWU and its members and their families and communities

CEPPWAWU Investments (Pty) Ltd - an investment holding company in which the CEPPWAWU Development Trust has a 100% equity shareholding

Related party transactions

Agency fees received

CEPPWAWU - Agency Account	882 000	1 027 000
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20. National Office Bearers' emoluments

Executive

2015

	Emoluments	Other benefits	Pension paid or receivable	Total
Thamsanqa Vumani Mhlongo	-	13 753	-	13 753
Lucas Mashego	-	59 753	-	59 753
Nocongress Eunice Dlodlo	-	12 588	-	12 588
Simon Mofokeng	256 800	99 596	20 544	376 940
Samuel Buti Seatlholo	256 800	130 442	20 544	407 786
Thulasizwe Wilfred Sibande	-	17 302	-	17 302
	513 600	333 434	41 088	888 122

2014

	Emoluments	Other benefits	Pension paid or receivable	Total
Lucas Mashego	-	56 758	-	56 758
Nocongress Eunice Dlodlo	-	13 758	-	13 758
Simon Mofokeng	278 200	74 288	20 544	373 032
Samuel Buti Seatlholo	278 200	93 365	20 544	392 109
Thulasizwe Wilfred Sibande	-	44 302	-	44 302
	556 400	282 471	41 088	879 959

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21. Financial instruments and risk management

The Union's normal operations expose it to various financial risks. The main financial risks faced by the Union are credit risk and liquidity risk.

Credit risk

The Union is exposed to credit risk in relation to cash and cash equivalents deposited at financial institutions, as well as subscriptions receivable from employer companies in relation to membership fees deducted from Union members.

The credit risk related to cash and cash equivalents deposited at financial institutions is managed by keeping the deposits with one of the 4 largest banks in South Africa - currently Nedbank Limited.

The credit risk related to subscriptions receivable is managed by monitoring payments from employers on a monthly basis, and following up when payments appear to have been missed.

Liquidity risk

Liquidity risk arises from the Union's obligation to pay its employees salaries for services rendered, and to pay other parties for goods or services received. Liquidity risk also arises from long-term lease contracts which commit the Union to procure goods or services beyond the current financial period.

Liquidity risk is managed through careful cash flow planning, and by sourcing additional funding as and when required.

There have been no changes to risk management from the previous period.

Credit risk

Cash and cash equivalents	2 053 781	2 311 866
Trade and other receivables	1 605 571	1 583 788
Loans receivable	8 889	5 867
Other financial assets	676 116	559 816
	<u>4 344 357</u>	<u>4 461 337</u>

There is no collateral held for these financial assets. The financial assets are not past due and are not impaired.

Liquidity risk

Trade and other payables	19 639 377	13 826 667
Provisions	5 562 864	5 709 422
Other financial liabilities	2 509 100	1 543 046
Operating lease commitments	4 837 859	4 662 659
	<u>32 549 200</u>	<u>25 741 794</u>

22. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business of the union.

The Union made a loss of R6,649,384 (2014: R5,334,015) and is in a net liability position of R23,229,063 (2014: R16,579,669). The Union has been able to continue as a going concern by negotiating delayed payments with creditors. The Union is a beneficiary of the CEPPWAWU Development Trust ("CDT") which is a 100% shareholder in CEPPWAWU Investments (Pty) Ltd ("CI"). Financial assistance in the form of loans was provided by CI in 2017 and 2018 and this enabled the Union to continue with its activities. It is on this basis that the going concern basis has been adopted in preparing the annual financial statements.

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23. Events after the reporting period

All events subsequent to year end and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

The legal claim against the Union by Nashua regarding the cancellation of a contract for the rental of photo copier equipment from Nashua, was resolved during the 2018 financial year. The provision for the legal claim was subsequently adjusted to reflect a more reasonable amount based on the eventual settlement of R5,000,000 that was paid in October 2018.

Subsequent to year-end, the union was placed under administration by the Labour Court in terms of Section 103(A) of the Labour Relations Act, No 66 of 1995, effective 4 June 2020. Ms. Thulisile Njapa Mashanda was subsequently appointed as the Administrator by the Labour Court.

Subsequent to year-end, and prior to the date the AFS were approved for issue, the World Health Organisation declared the COVID-19 contagion a pandemic on 11 March 2020. The President of South Africa declared a national state of disaster, with lockdown measures introduced, that could severely impact businesses and have a potentially negative impact on the economy. The following points were considered when assessing going concern for the Union:

1. No significant decline in subscription revenue has been noted and this is expected to continue;
2. Impact on industries that the Union operates in.
3. There have been no instances where employers have approached the Union and said they need to retrench staff specifically because of Covid-19.

The Administrator has assessed the likelihood of the above conditions changing, and is of the opinion that the Covid-19 pandemic will not negatively impact the Union's financial position.

24. Investment in CEPPWAWU Development Trust

CEPPWAWU is a beneficiary of the CEPPWAWU Development Trust (CDT). In accordance with International Financial Reporting Standards (IFRSs), CDT meets the criteria of a Special Purpose Entity of CEPPWAWU as the primary object of the Trust, as stipulated in the Trust Deed, is to generate income from investment and other sources and to utilise this income to provide financial assistance to the beneficiary (viz. CEPPWAWU) and its members and their families and communities. CDT is thus a subsidiary of CEPPWAWU.

When an entity prepares separate financial statements, IFRSs require that it accounts for investments in subsidiaries either at cost, in accordance with IFRS 9 or using the equity method as described in IAS 28.

CEPPWAWU's accounting policy choice is to account for the investment in CDT at cost. There was no financial contribution made by CEPPWAWU for the establishment of CDT. The Founder of CDT - Mr Welile Carre Noling - contributed the sum of R100.00 towards the formation of the Trust. Accordingly, the investment in CDT does not appear on the balance sheet in CEPPWAWU's separate financial statements as there was no cost associated with it.

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25. Investments in subsidiaries and associates

These separate financial statements are presented in addition to CEPPWAWU's consolidated financial statements which include investments in subsidiaries and associates.

These separate financial statements are prepared in order to meet the requirements of section 98 of the Labour Relations Act No. 66 of 1995.

Investments in subsidiaries

	% holding 2014	% holding 2013
CEPPWAWU Investments (Pty) Ltd	100 %	100 %
Amalgum Investments 35 (Pty) Ltd	100 %	100 %
Amalgum Investments 36 (Pty) Ltd	100 %	100 %
Amalgum Investments 37 (Pty) Ltd	100 %	100 %
Amalgum Investments 64 (Pty) Ltd	100 %	100 %
CEPPWAWU Pharmaceuticals Investments (Pty) Ltd	100 %	100 %
CEPPWAWU Pharmaceuticals Two (Pty) Ltd	100 %	100 %
Inyanga Trading 214 (Pty) Ltd	100 %	100 %
	800	800

Investments in associates

	% holding 2014	% holding 2013
Old Priory Investments (Pty) Ltd	20,00 %	20,00 %
Red Coral Investments (Pty) Ltd	20,00 %	20,00 %
Cirebelle Innovative Beauty Wax Solutions (Pty) Ltd	22,00 %	22,00 %
Allegra Properties 3 (Pty) Ltd	50,00 %	50,00 %

26. Contingent asset

CEPPWAWU is a beneficiary of the CEPPWAWU Development Trust ("CDT"). CDT is the 100% shareholder of CEPPWAWU Investments (Pty) Ltd ("CI"). In terms of the CDT Trust Deed, the Trustees shall ensure that not less than twenty-five (25) percent of the income earned on any investment owned by the Trust, in any one financial year, is paid to the beneficiary by no later than six (6) months after the end of that financial year, unless the beneficiary has, at the request of the Trustees, consented otherwise. There have been no income distributions from CI since 2012, even though income in the form of dividends and interest has been earned by CI after 2012. There was no consent provided by CEPPWAWU to the effect that payments need not be made. The amount to which CEPPWAWU will be entitled will be determined by the occurrence or non-occurrence of future events - specifically dividend declarations by CI. These are events not wholly within the control of CEPPWAWU.

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Detailed Income Statement

Figures in Rand	Note(s)	2015	2014
Revenue			
Subscriptions - Members		41 004 124	41 402 925
Subscriptions - Agency		882 000	1 027 000
	13	41 886 124	42 429 925
Other income			
Commissions received		278 355	240 150
Sponsorship		1 587 055	102 572
Sundry income - Sales attire		750	1 600
Sundry income		250 278	-
Reversal of legal claim provision		-	818 942
Refund		35 727	97 839
		2 152 165	1 261 103
Operating expenses			
Accounting fees		(59 135)	(7 303)
Administration fees		(5 181)	(12 957)
Affiliation fees		(3 958 778)	(3 838 003)
Auditors remuneration	14	(800 000)	(999 450)
Bank charges		(82 263)	(88 615)
Cleaning		(12 052)	(75 124)
Collective bargaining costs		(128 990)	-
Collection fees		(661 935)	(620 089)
Campaign expenses		(4 500)	(670)
Consulting fees		(51 994)	(49 220)
Depreciation		(697 992)	(5 513)
Education expenses		-	(26 550)
Donations		(19 800)	-
Employee costs		(21 353 634)	(19 626 511)
Legal fees		(3 560 031)	(4 889 825)
Lost wages		(27 055)	(35 130)
Insurance		(260 658)	(304 821)
IT expenses		(421 952)	(450 332)
Lease rentals on operating lease		(4 833 121)	(8 947 337)
Meeting expenses		(1 328 625)	(951 675)
Motor vehicle expenses		(2 078 666)	(1 823 451)
Municipal expenses		(1 202 126)	(1 087 658)
Payroll charges		(47 565)	(50 506)
Postage		(10 192)	(13 085)
Printing and stationery		(618 192)	(794 103)
Repairs and maintenance		(21 418)	(17 480)
SACP		-	(1 000)
Security		(31 450)	(72 081)
Staff welfare		(21 125)	(22 771)
Sundry expenses		(445 380)	(389 663)
Telephone and fax		(2 131 398)	(1 903 457)
Training		(170 655)	(23 680)
Travel - local		(2 606 426)	(1 914 006)
Union gear		(86 800)	(46 385)
		(47 739 089)	(49 088 451)
Operating loss	14	(3 700 800)	(5 397 423)

Chemical, Energy, Paper, Printing, Wood and Allied Workers Union

(Registration number LR2/6/2/833)

Annual Financial Statements for the year ended 31 December 2015

Detailed Income Statement

Figures in Rand	Note(s)	2015	2014
Finance income	15	88 923	72 703
Finance costs	16	(3 037 507)	(9 295)
Loss for the year		(6 649 384)	(5 334 015)