



30 March 2022

Geoff Dyke
Victorian District Secretary
Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy Division - Victorian District Branch
Sent via email: gdyke@cfmeuvic.org.au
CC: mm@daley.com.au

Dear Geoff Dyke,

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy Division - Victorian District Branch

Financial Report for the year ended 31 December 2021 – (FR2021/324)

I acknowledge receipt of the financial report for the year ended 31 December 2021 for the Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy Division - Victorian District Branch. The documents were lodged with the Registered Organisations Commission (the ROC) on 24 March 2022.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the Fair Work (Registered Organisations) Act 2009 (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 31 December 2022 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comment to assist you when you next prepare a financial report.

You must rotate your registered auditor

Correspondence was provided to the reporting unit on 7 December 2021, which alerted you that your registered auditor is approaching their statutory limit on how many consecutive financial years they are permitted to audit your financial report. The financial report lodged identifies that Michael Mundt was the reporting unit's registered auditor for this financial year. Our records indicate that you have now used your current registered auditor for five consecutive financial years, which is the statutory limit under section 256A.

Please ensure that Michael Mundt is not assigned to audit the financial report of the reporting unit for at least the following two financial years. Further information on the rotation of registered auditor requirement can be found via this link.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (02) 6240 9999 or by email at Madeleine.Hurrell@roc.gov.au.

Yours sincerely

Madeleine Hurrell

Madeleine Hurrell

Registered Organisations Commission

**CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
MINING & ENERGY DIVISION, VICTORIAN DISTRICT BRANCH**

DESIGNATED OFFICER CERTIFICATE

Certificate for the period ended 31 December 2021

I, Trevor Williams, being the District President of the Construction, Forestry, Maritime, Mining & Energy Union Mining & Energy Division, Victorian District Branch, certify:

- That the documents lodged herewith are copies of the full report for the Construction, Forestry, Maritime, Mining & Energy Union Mining & Energy Division, Victorian District Branch, for the period ended 31 December 2021, referred to in s.268 the Fair Work (Registered Organisations) Act 2009; and
- That the full report, was provided to members of the reporting unit through the Union website and circulation at work sites on 24th March 2022, and
- That the full report was presented to a Committee of Management of the reporting Unit on 23rd March 2022; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



**Trevor Williams
District President**

24th March 2022

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Financial Statements

For the Year Ended 31 December 2021

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

31 December 2021

Financial Statements

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Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Operating Report

For the Year Ended 31 December 2021

The Board of Management present their report on the Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch ("the Union") for the financial year ended 31 December 2021.

Names of Board of Management members and period positions held during the financial year

The names of each person who has been on the Board of Management ("BOM") during the year are:

| Name | Position | Period of Appointment |
|-----------------|-------------------------|------------------------------|
| Mr T Williams | District President | 1/1/2021 - 31/12/2021 |
| Mr M Richards | District Vice President | 1/1/2021 - 31/12/2021 |
| Mr G Dyke | District Secretary | 1/1/2021 - 31/12/2021 |
| Mr R Barber | BOM Member | 1/1/2021 - 31/12/2021 |
| Mr SR Caines | BOM Member | 1/1/2021 - 31/12/2021 |
| Mr M Karabadjak | BOM Member | 1/1/2021 - 31/12/2021 |
| Mr B Leighton | BOM Member | 1/1/2021 - 31/12/2021 |
| Mr M Micallef | BOM Member | 19/10/2021 - 31/12/2021 |

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

A review of the operations and results of the Union is performed at meetings of the Board of Management.

The principal activities of the Union during the financial year were:

- conducting activities for Parliamentary, Divisional and District elections, including assisting with statutory requirements;
- co-ordinating seminars/education courses for Lodge Officers to inform them of current developments or to seek collective input in the development of national policies;
- representing the District's interest on various national committees and organisations;
- responsibility for servicing national awards and enterprise agreements and maintaining related information services, including District Office advising Lodges on industrial matters;
- provision to Lodges with economic and industrial research;
- provision to Lodges of a National Library including information service/library through an electronic data base;
- co-ordinating Occupational Health and Safety nationally and maintaining a national policy database and information service;
- leading the conduct of legal action launched in defence of the District's constitutional work; and
- provision of a National Training Agenda by representing the Union on various Boards and Committees.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Operating Report

For the Year Ended 31 December 2021

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

During the year the Union was impacted by the COVID-19 pandemic with periodic office closures occurring. Due to this, there were changes in the manner in which trading activities were completed.

Other than the above, there were no changes in the nature of the Union's activity during the year.

Results of activities

The result of the Union was a deficit of \$10,403 (2020: surplus of \$116,795). The Board of Management believe that they have furthered the interests of their members throughout the financial year through conducting the Union's principal activities.

Significant changes in financial affairs

During the year, the Mining and Energy Division, including the Victorian District Branch, made an application for a ballot of members to decide whether to withdraw from the Construction, Forestry, Maritime, Mining and Energy Union (CFMMEU). The application was heard by the Fair Work Commission and a decision was issued in September 2021 dismissing the application on jurisdictional grounds. The Mining and Energy Division, including the Victorian District Branch, has applied to the Federal Court of Australia for a judicial review of the Fair Work Commission decision. On 1 March 2022, a Full Court of the Federal Court heard the application for judicial review. As of the date of this report, the decision of the Federal Court is reserved.

The Committee of Management do not believe that this application, or any subsequent application related to withdrawal from the CFMMEU will have any impact on the Union's ability to continue as a going concern.

There have been no other significant changes in the state of financial affairs of the Union during the year.

Right of members to resign

All members of the Union have the right to resign in accordance with Rule 5(iv)(a) of the Union Rules [and section 174 of the *Fair Work (Registered Organisations) Act 2009*], namely, by providing written notice addressed and delivered to either the District Secretary, or a Lodge Secretary or authorised delegate.

Number of members

There were 913 members of the Union as at 31 December 2021 (2020: 948).

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

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Operating Report
For the Year Ended 31 December 2021

Number of employees

As at 31 December 2021 the Union had 4 full time equivalent employees (2020: 3).

Officers or members who are superannuation fund trustee(s) or director of a Company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

No officer or member of the Union acts:

- i) as a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- ii) as a director of a Company that is trustee of a superannuation entity or an exempt public sector superannuation scheme.

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



Trevor Williams
District President

Dated: 23 March 2022

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Board of Management Statement

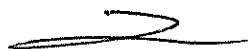
For the Year Ended 31 December 2021

On the 23 March 2022 the Board of Management of the Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch ("the Union") passed the following resolution in relation to the general purpose financial report for the year ended 31 December 2021:

The Board of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* ("the RO Act");
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the general purpose financial report relates and since the end of that year:
 - (i) meetings of the board of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the Union have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the Union have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the Union, have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the Union or Commissioner duly made under section 272 of the RO Act; that information has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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



Trevor Williams
District President



Mark Richards
District Vice President

Dated: 23 March 2022

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

| | Note | 2021 \$ | 2020 \$ |
|--|------|-----------------|------------|
| Revenue | 4 | 930,124 | 945,798 |
| Other income | 4 | 55,873 | 154,281 |
| | | <u>985,997</u> | 1,100,079 |
| Employee benefits expense | 5 | (640,379) | (652,597) |
| Capitation fees | 5 | (172,973) | (177,084) |
| Administration expenses | 5 | (119,365) | (88,008) |
| Depreciation expense | | (21,758) | (21,613) |
| Professional fees | | (19,561) | (19,200) |
| Affiliation fees | | (8,306) | (11,246) |
| Donations and gifts | | (7,212) | (7,770) |
| Motor vehicle expenses | | (5,415) | (4,268) |
| Lease expenses | 10 | (1,291) | (1,291) |
| Finance expenses | 10 | (140) | (207) |
| Result for the year | | <u>(10,403)</u> | 116,795 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | <u>(10,403)</u> | 116,795 |

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Balance Sheet

As at 31 December 2021

| | Note | 2021 \$ | 2020 \$ |
|-------------------------------|------|------------|------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 476,921 | 426,597 |
| Trade and other receivables | 7 | 11,101 | 32,490 |
| Financial assets | 8 | 434,068 | 426,812 |
| Other assets | 9 | 8,334 | 9,549 |
| TOTAL CURRENT ASSETS | | 930,424 | 895,448 |
| NON-CURRENT ASSETS | | | |
| Right-of-use assets | 10 | 1,827 | 3,118 |
| Property, plant and equipment | 11 | 317,032 | 291,378 |
| TOTAL NON-CURRENT ASSETS | | 318,859 | 294,496 |
| TOTAL ASSETS | | 1,249,283 | 1,189,944 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 132,479 | 116,115 |
| Lease liabilities | 10 | 1,357 | 1,288 |
| Other liabilities | 13 | 47,662 | 41,848 |
| Employee benefits | 14 | 127,851 | 78,292 |
| TOTAL CURRENT LIABILITIES | | 309,349 | 237,543 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 10 | 587 | 1,944 |
| Employee benefits | 14 | 3,776 | 4,483 |
| TOTAL NON-CURRENT LIABILITIES | | 4,363 | 6,427 |
| TOTAL LIABILITIES | | 313,712 | 243,970 |
| NET ASSETS | | 935,571 | 945,974 |
| EQUITY | | | |
| Retained earnings | | 935,571 | 945,974 |
| TOTAL EQUITY | | 935,571 | 945,974 |

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Statement of Changes in Equity

For the Year Ended 31 December 2021

| | Retained Earnings | |
|------------------------|-------------------|----------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Balance at 1 January | 945,974 | 829,179 |
| Result for the year | (10,403) | 116,795 |
| Balance at 31 December | <u>935,571</u> | <u>945,974</u> |

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Statement of Cash Flows

For the Year Ended 31 December 2021

| | Note | 2021 \$ | 2020 \$ |
|--|-------|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from customers and members contributions | | 1,124,730 | 1,149,506 |
| Interest received | | 1,838 | 11,132 |
| Payments to suppliers and employees | | (1,048,788) | (1,148,387) |
| Rent received | | 28,640 | 37,671 |
| Net cash provided by operating activities | 20(a) | <u>106,420</u> | <u>49,922</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Payments for plant and equipment | | (47,412) | (10,500) |
| Purchase of investments | | (7,256) | (10,845) |
| Net cash used in investing activities | | <u>(54,668)</u> | <u>(21,345)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Repayment of lease liability | | (1,428) | (1,428) |
| Net cash provided by financing activities | | <u>(1,428)</u> | <u>(1,428)</u> |
| Net increase in cash and cash equivalents held | | 50,324 | 27,149 |
| Cash and cash equivalents at beginning of year | | 426,597 | 399,448 |
| Cash and cash equivalents at end of financial year | 6 | <u>476,921</u> | <u>426,597</u> |

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2021

The financial report covers Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch ("the Union") as an individual entity.

1 Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Union is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

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

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promise services to customers at an amount that reflects the consideration the Union expects to receive in exchange for those services.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognise revenue as and when control of the performance obligations is transferred.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Revenue from contracts with customers (continued)

Generally the timing of the payment for rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Union have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

The revenue recognition policies for the principal revenue streams of the Union are:

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Union.

There is only one distinct membership service promised in the arrangement. Accordingly, the Union recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Union promise to stand ready to provide assistance and support to the member as required.

For member subscriptions paid annually in advance, the Union has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Union at their standalone selling price, the Union accounts for those sales as a separate contract with a customer.

Government COVID-19 stimulus income

Income is recognised in the period it is earned. This is generally consistent with when payment is received.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Rental income

Rental income is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

(b) Income tax

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

(c) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(d) Leases

At inception of a contract, the Union assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Union has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Union has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

(i) Right-of-use asset

At the lease commencement, the Union recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Union believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

(ii) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Union's incremental borrowing rate is used.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(d) Leases (continued)

(ii) Lease liability (continued)

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Union's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(e) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(f) Cash and cash equivalents

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

(g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Union becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial assets

All recognised financial assets are subsequently measured at amortised cost.

Classification

On initial recognition, the Union classifies its financial assets as those measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Union changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Union's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and financial assets in the balance sheet.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Union's historical experience and informed credit assessment, including forward looking information.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial assets (continued)

The Union uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Union uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Union in full, without recourse to the Union to actions such as realising security (if any is held);
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Union in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Union has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in bad debts expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Union renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial liabilities

The Union measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Union comprise trade and other payables and lease liabilities.

(h) Property, plant and equipment

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

Under the cost model, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Union, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

| Fixed asset class | Depreciation rate |
|--------------------------|--------------------------|
| Buildings | 2.5% |
| Plant and Equipment | 5 - 50% |
| Motor Vehicles | 25% |

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(i) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Union does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(j) 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.

(k) Adoption of new and revised accounting standards

The Union has adopted all standards which became effective for the first time during the year, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Union.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies (continued)

(I) New accounting standards for application in future periods

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

3 Critical Accounting Estimates and Judgements

The Board of Management make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below:

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. The impairment provision is based on the best information at the reporting date.

Key estimates - useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment.

Key estimates - employee entitlements

As described in the accounting policies, provisions for employee entitlements are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made after taking into account a range of possible outcomes, probabilities and assumptions and will vary as further information is obtained.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

4 Revenue and other income

| | 2021 | 2020 |
|--|----------------|---------|
| | \$ | \$ |
| Revenue from contracts with customers | | |
| Membership subscriptions | 930,124 | 945,798 |
| Other income | | |
| Reimbursements | 909 | 1,062 |
| Rental income | 28,640 | 37,671 |
| Profit on Sale | 5,454 | - |
| Interest income | 1,838 | 11,132 |
| Government COVID-19 stimulus income | - | 100,000 |
| Other income | 19,032 | 4,416 |
| | 55,873 | 154,281 |

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into timing of revenue recognition and the following table shows this breakdown:

Timing of revenue recognition

| | | |
|--|----------------|---------|
| - Over time | 930,124 | 945,798 |
| - At a point in time | - | - |
| Revenue from contracts with customers | 930,124 | 945,798 |

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Notes to the Financial Statements

For the Year Ended 31 December 2021

5 Result for the year

| | 2021 | 2020 |
|---|-----------------------|-----------------------|
| Note | \$ | \$ |
| Grants and donations: | | |
| - Donations: | | |
| Total paid that were \$1,000 or less | 7,212 | 7,770 |
| Depreciation and amortisation: | | |
| - Land and buildings | 9,565 | 9,565 |
| - Plant and equipment and motor vehicles | 12,193 | 12,048 |
| | <u>21,758</u> | <u>21,613</u> |
| Legal costs: | | |
| - Other legal matters | 5,801 | - |
| Employee Expenses | | |
| Holders of office: | | |
| - Wages and salaries | 402,662 | 339,291 |
| - Superannuation | 47,273 | 47,113 |
| - Leave and other entitlements | 35,104 | 3,686 |
| - Other employee expenses | 27,862 | 23,477 |
| 16 | <u>512,901</u> | <u>413,567</u> |
| Employees other than office holders: | | |
| - Wages and salaries | 93,113 | 105,216 |
| - Superannuation | 14,056 | 25,567 |
| - Leave and other entitlements | 13,748 | 68,297 |
| - Separation and redundancies | - | 23,910 |
| - Other employee expenses | 6,561 | 16,040 |
| | <u>127,478</u> | <u>239,030</u> |
| Total employee expenses | <u><u>640,379</u></u> | <u><u>652,597</u></u> |

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Notes to the Financial Statements

For the Year Ended 31 December 2021

5 Result for the year (continued)

| | 2021 | 2020 |
|--|----------------|----------------|
| Note | \$ | \$ |
| Capitation fees: | | |
| - CFMMEU Mining & Energy National Office | <u>172,973</u> | <u>177,084</u> |
| Affiliation fees: | | |
| - Gippsland Trades & Labour Council | 2,874 | 3,593 |
| - Victoria ALP | 5,432 | 5,285 |
| - Victorian Trades Hall Council | - | 2,367 |
| | <u>8,306</u> | <u>11,245</u> |
| Administration expenses: | | |
| - Conference and meetings expenses | 218 | 730 |
| - Other expenses | <u>119,147</u> | <u>87,278</u> |
| | <u>119,365</u> | <u>88,008</u> |

6 Cash and cash equivalents

| | | |
|--------------|----------------|----------------|
| Cash on hand | 200 | 400 |
| Cash at bank | <u>476,721</u> | <u>426,197</u> |
| | <u>476,921</u> | <u>426,597</u> |

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Notes to the Financial Statements

For the Year Ended 31 December 2021

7 Trade and other receivables

| | Note | 2021 \$ | 2020 \$ |
|---|------|----------------------|----------------------|
| Trade receivables from contracts with customers | (a) | 23,728 | 24,920 |
| Provision for impairment | | (14,482) | (15,260) |
| | | <u>9,246</u> | <u>9,660</u> |
| Other receivables | | <u>1,855</u> | <u>22,830</u> |
| | | <u><u>11,101</u></u> | <u><u>32,490</u></u> |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

(a) *Aged analysis*

During the year the Union changed its methodology for categorising debtors for determining its provision for doubtful debtors. The impact being as follows:

| | | |
|----------------------------------|---------------|---------------|
| 90 days from invoice date - 60% | 22,502 | 23,061 |
| 180 days from invoice date - 80% | 1,226 | 1,859 |
| | <u>23,728</u> | <u>24,920</u> |

(b) *Receivables from other reporting units*

| | | |
|---|---|-------|
| CFMMEU Mining & Energy National Office | - | 2,101 |
| CFMMEU C&G Victorian District - Training Unit | - | 8,934 |

Receivables from other reporting units are not considered impaired (2020: no impairment).

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Notes to the Financial Statements

For the Year Ended 31 December 2021

7 Trade and other receivables (continued)

(c) *Impairment of receivables*

The Union applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2021 is determined as follows and the expected credit losses incorporate forward looking information.

| | < 90 days overdue | < 180 days overdue | Total |
|----------------------------|----------------------|-----------------------|--------|
| 31 December 2021 | | | |
| Expected loss rate (%) | 60% | 80% | |
| Gross carrying amount (\$) | 22,502 | 1,226 | 23,728 |
| ECL provision (\$) | 13,501 | 981 | 14,482 |
| 31 December 2020 | | | |
| Expected loss rate (%) | 60% | 80% | |
| Gross carrying amount (\$) | 23,168 | 1,859 | 24,920 |
| ECL provision | 13,773 | 1,487 | 15,260 |

The Union measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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Notes to the Financial Statements

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8 Financial assets

| | 2021 | 2020 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Financial assets - at amortised cost | | |
| - Term deposits | <u>434,068</u> | <u>426,812</u> |

9 Other assets

| | | |
|-------------|--------------|--------------|
| Prepayments | <u>8,334</u> | <u>9,549</u> |
|-------------|--------------|--------------|

10 Leases

Union as a lessee

The Union has leases over office equipment. Information relating to the leases in place and associated balances and transactions are provided below. Terms and conditions of leases are:

Office Equipment

The Union leases office equipment with a lease term of 5 years, the lease payments are fixed during the term. Leases for IT equipment are generally considered to be for low value assets, except for significant items such as photocopiers.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

10 Leases (continued)

Right-of-use asset

| | 2021 | 2020 |
|--------------------------------------|--------------|--------------|
| | \$ | \$ |
| Office Equipment | | |
| Balance at 1 January | 3,118 | 4,310 |
| Remeasurement of right-of-use assets | - | 99 |
| Depreciation charge | (1,291) | (1,291) |
| | <u>1,827</u> | <u>3,118</u> |

Lease liabilities

| | | |
|-------------|--------------|--------------|
| Current | 1,357 | 1,288 |
| Non-current | 587 | 1,944 |
| | <u>1,944</u> | <u>3,232</u> |

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

| | < 1 year | 1 - 5 years | > 5 years | Total undiscounted lease liabilities | Lease liabilities included in this Balance Sheet |
|-------------------|----------|-------------|-----------|--|--|
| | \$ | \$ | \$ | \$ | \$ |
| 2021 | | | | | |
| Lease liabilities | 1,428 | 595 | - | 2,023 | 1,944 |
| 2020 | | | | | |
| Lease liabilities | 1,428 | 2,023 | - | 3,451 | 3,232 |

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Notes to the Financial Statements

For the Year Ended 31 December 2021

10 Leases (continued)

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Union is a lessee are shown below:

| | 2021 | 2020 |
|---------------------------------------|--------------|--------------|
| | \$ | \$ |
| Interest expense on lease liabilities | 140 | 207 |
| Depreciation of right-of-use asset | 1,291 | 1,291 |
| | <u>1,431</u> | <u>1,498</u> |

Statement of Cash Flows

| | | |
|-------------------------------|--------------|--------------|
| Total cash outflow for leases | <u>1,428</u> | <u>1,428</u> |
|-------------------------------|--------------|--------------|

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

11 Property, plant and equipment

| | 2021 | 2020 |
|--------------------------|------------------|-----------|
| | \$ | \$ |
| Freehold land at cost | <u>23,000</u> | 23,000 |
| Buildings | | |
| At cost | 388,625 | 388,625 |
| Accumulated depreciation | <u>(148,131)</u> | (138,566) |
| | <u>240,494</u> | 250,059 |
| Total Land and Buildings | <u>263,494</u> | 273,059 |
| Plant and equipment | | |
| At cost | 92,253 | 80,850 |
| Accumulated depreciation | <u>(69,273)</u> | (62,531) |
| | <u>22,980</u> | 18,319 |
| Motor vehicles | | |
| At cost | 63,707 | 54,886 |
| Accumulated depreciation | <u>(33,149)</u> | (54,886) |
| | <u>30,558</u> | - |
| | <u>317,032</u> | 291,378 |

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Notes to the Financial Statements

For the Year Ended 31 December 2021

11 Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

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

| | Land and buildings | Plant and equipment | Motor vehicles | Total |
|------------------------------------|-----------------------|------------------------|-------------------|-----------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 January 2021 | 273,059 | 18,319 | - | 291,378 |
| Additions | - | 11,403 | 36,009 | 47,412 |
| Depreciation expense | (9,565) | (6,742) | (5,451) | (21,758) |
| Balance at 31 December 2021 | 263,494 | 22,980 | 30,558 | 317,032 |
| Balance at 1 January 2020 | 282,624 | 14,095 | 5,772 | 302,491 |
| Additions | - | 10,500 | - | 10,500 |
| Depreciation expense | (9,565) | (6,276) | (5,772) | (21,613) |
| Balance at 31 December 2020 | 273,059 | 18,319 | - | 291,378 |

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2021

12 Trade and other payables

| | 2021 | 2020 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Trade and other payables | 63,787 | 44,393 |
| Employee benefits | 14,847 | 16,261 |
| Sundry payables and accrued expenses | 46,927 | 55,461 |
| Other payables | 6,918 | - |
| | <u>132,479</u> | <u>116,115</u> |

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

(a) Payables to other reporting entities:

| | | |
|--|---------------|--------|
| CFMMEU - Mining and Energy - National Office | <u>34,937</u> | 23,405 |
|--|---------------|--------|

13 Other liabilities

| | | |
|------------------------------|---------------|--------|
| Membership income in advance | <u>47,662</u> | 41,848 |
|------------------------------|---------------|--------|

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Notes to the Financial Statements

For the Year Ended 31 December 2021

14 Employee benefits

| | 2021 | 2020 |
|--|----------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Employee leave provisions | <u>127,851</u> | <u>78,292</u> |
| NON-CURRENT | | |
| Employee leave provisions | <u>3,776</u> | <u>4,483</u> |
| <i>Total employee benefits attributable to:</i> | | |
| <i>Office Holders:</i> | | |
| - Annual leave | 81,382 | 45,827 |
| - Long service leave | <u>23,967</u> | <u>15,107</u> |
| | <u>105,349</u> | <u>60,934</u> |
| <i>Employees other than office holders:</i> | | |
| - Annual leave | 15,296 | 10,778 |
| - Long service leave | <u>10,982</u> | <u>11,063</u> |
| | <u>26,278</u> | <u>21,841</u> |
| Total | <u>131,627</u> | <u>82,775</u> |

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Notes to the Financial Statements

For the Year Ended 31 December 2021

15 Financial risk management

The main risks the Union is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Board of Managements' overall risk management strategy seeks to assist the Union in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Union's financial instruments consist mainly of deposits with banks, short-term investments, trade and other receivables and trade and other payables.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

| | Note | 2021 \$ | 2020 \$ |
|---|------|----------------|----------------|
| Financial Assets | | | |
| Cash and cash equivalents | 6 | 476,921 | 426,597 |
| Trade and other receivables | 7 | 11,101 | 32,490 |
| Financial Assets - at amortised cost | 8 | 434,068 | 426,812 |
| Total financial assets | | 922,090 | 885,899 |
| Financial Liabilities | | | |
| Financial liabilities at amortised cost | | | |
| - Trade and other payables | | 91,579 | 83,326 |
| - Lease liabilities | 10 | 1,944 | 3,232 |
| Total financial liabilities | | 93,523 | 86,558 |

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Union.

Credit risk arises from cash and cash equivalents arising from deposits with banks and financial institutions, as well as credit exposure to retail customers, including outstanding receivables and committed transactions.

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Notes to the Financial Statements

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15 Financial risk management (continued)

Credit risk (continued)

The Union has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit rating funds.

(b) Credit risk - Trade and Other Receivables

The Union's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon is recorded at note 7.

Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Union and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Union.

The balances of receivables that remain within initial trade terms (note 7) are considered to be of high credit quality.

The Union does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

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Notes to the Financial Statements

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15 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk arises from the Union's management of working capital. It is the risk that the Union will encounter difficulty in meeting its financial obligations as they fall due.

The Union's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

The Union manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business.

At the reporting date, these reports indicate that the Union expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the balance sheet due to the effect of discounting.

Financial liability maturity analysis

| | Note | <1 year | | >1 year | |
|--------------------------|------|----------------|---------|------------|-------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | \$ | \$ | \$ | \$ |
| Trade and other payables | 12 | 132,479 | 116,115 | - | - |
| Lease liabilities | 10 | 1,428 | 1,428 | 595 | 2,023 |
| Total | | 133,907 | 117,543 | 595 | 2,023 |

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15 Financial risk management (continued)

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Given the value of financial instruments held, the Union is not exposed to material interest rate risk.

(e) Net Income/(Expense) from Financial Assets

| | Note | 2021 \$ | 2020 \$ |
|--------------------------|------|--------------|------------|
| At amortised cost | | | |
| Interest income | 4 | 1,838 | 11,132 |
| Interest expense | 10 | (140) | (207) |

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Notes to the Financial Statements

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16 Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch during the year are as follows:

| | 2021 | 2020 |
|---------------------------------------|----------------|----------------|
| Note | \$ | \$ |
| Short-term employee benefits | | |
| Salary (including annual leave taken) | 430,524 | 362,769 |
| Leave accrued (net) | 30,974 | (422) |
| | <u>461,498</u> | <u>362,347</u> |
| Post-employment benefits | | |
| Superannuation | 47,273 | 47,113 |
| | <u>47,273</u> | <u>47,113</u> |
| Other long term benefits | | |
| Long serve leave | 4,130 | 4,107 |
| | <u>4,130</u> | <u>4,107</u> |
| 5 | <u>512,901</u> | <u>413,567</u> |

17 Remuneration of Auditor

Remuneration of the auditor of the Union, Daley Audit, for:

| | | |
|---------------------------------|--------|--------|
| - auditing the financial report | 12,900 | 12,600 |
| - accounting assistance | 3,000 | 7,150 |
| - taxation assistance | 1,830 | 580 |

18 Fair Value Measurement

The Union holds no financial instruments at fair value.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

19 Related party transactions

Related Parties

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Union, directly or indirectly, including any Board of Management member (whether executive or otherwise) of that Union is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 16: Key Management Personnel Compensation.

(b) Related Party Balances

(i) Trade and other receivables

Refer to Note 7(b) for reporting units.

(ii) Trade and other payables

Refer to Note 12(a) for reporting units.

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Notes to the Financial Statements

For the Year Ended 31 December 2021

19 Related party transactions (continued)

(c) Transactions with related parties

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

The following transactions occurred with related parties:

| | 2021 | 2020 |
|---|---------|---------|
| | \$ | \$ |
| CFMMEU - Mining and Energy Division | | |
| Capitation fees expense | 172,973 | 177,083 |
| Campaign and Special Administration Fund expense | 99,240 | 54,539 |
| Allowances received and sundry income | 19,032 | 4,584 |
| CFMMEU - Construction and General Division - NSW Division | | |
| Internet access and system maintenance expense | 720 | 720 |
| CFMMEU - Construction and General Victorian District - Training Unit | | |
| Rental income received | - | 818 |
| Occupancy and administration services | 35,738 | 32,489 |
| CFMMEU - Construction and General - Victorian District | | |
| Sundry expenses | - | 1,908 |

From time to time the Union makes expenditures which relate to itself as well as other branches and divisions of the CFMMEU. These expenditures are then reimbursed to the Union at cost; hence they are not considered to be related party transactions.

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Notes to the Financial Statements

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20 Cash flow information

(a) Reconciliation of result for the year to cashflows from operating activities

| | 2021 | 2020 |
|---|-----------------|---------------|
| Note | \$ | \$ |
| Result for the year | (10,403) | 116,795 |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit: | | |
| - depreciation and amortisation expense | 23,049 | 22,904 |
| - interest on lease liability | 10 140 | 207 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | 21,389 | 12,112 |
| - decrease/(increase) in prepayments | 1,215 | 3,309 |
| - increase/(decrease) in trade and other payables | 16,364 | (8,141) |
| - increase/(decrease) in income in advance | 5,814 | (17,222) |
| - (decrease)/increase in employee benefits | 48,852 | (80,042) |
| Cashflow from operations | 106,420 | 49,922 |

(b) Cash flow information

Cash inflows from reporting units

| | | |
|--|--------|--------|
| - CFMMEU Mining and Energy - National Office | 21,133 | 2,483 |
| - CFMMEU - Construction and General - Victorian Branch | 44,673 | 33,307 |

Cash outflows to reporting units

| | | |
|--|---------|---------|
| - CFMMEU - Mining and Energy - National Office | 287,902 | 255,793 |
| - CFMMEU - Construction and General - NSW Division | 720 | 720 |
| - CFMMEU - Construction and General - Victorian Branch | - | 1,908 |

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2021

21 Events after the end of the Reporting Period

The financial report was authorised for issue on 23 March 2022 by the Board of Management.

There has not been any matters or circumstances occurring subsequent to the end of the financial year that has 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 subsequent financial periods.

22 Section 272 Fair Work (Registered Organisation) Act 2009

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

Information to be provided to members or the Commissioner:

1. A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
3. A reporting unit must comply with an application made under subsection (1).

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch


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Report required under subsection 255 (2A)

For the Year Ended 31 December 2021

The Board of Management presents the expenditure report as required under subsection 255(2A) on the Union for the year ended 31 December 2021.

| Categories of expenditure | 2021 \$ | 2020 \$ |
|--|------------|------------|
| Remuneration and other employment related costs and expenses - employees | 640,379 | 654,557 |
| Advertising | - | - |
| Operating costs | 327,032 | 305,617 |
| Donations to political parties | - | - |
| Legal costs | 5,801 | - |



Trevor Williams
District President

Dated: 23 March 2022

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Officer Declaration Statement

I, Trevor Williams, being the President of the Construction Forestry Maritime Mining Energy Union - Mining and Energy Division - Victorian District Branch, declare that the following activities did not occur during the reporting period ending 31 December 2021.

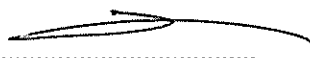
The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- ~~receive periodic or membership subscriptions~~
- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- ~~pay capitation fees or any other expense to another reporting unit~~
- ~~pay affiliation fees to other entity~~
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- ~~pay a donation that was \$1,000 or less~~
- pay a donation that exceeded \$1,000
- ~~pay wages and salaries to holders of office~~
- ~~pay superannuation to holders of office~~
- ~~pay leave and other entitlements to holders of office~~
- pay separation and redundancy to holders of office
- ~~pay other employee expenses to holders of office~~
- ~~pay wages and salaries to employees (other than holders of office)~~
- ~~pay superannuation to employees (other than holders of office)~~
- ~~pay leave and other entitlements to employees (other than holders of office)~~
- ~~pay separation and redundancy to employees (other than holders of office)~~
- ~~pay other employee expenses to employees (other than holders of office)~~
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- ~~incur expenses due to holding a meeting as required under the rules of the organisation~~
- pay legal costs relating to litigation
- ~~pay legal costs relating to other legal matters~~
- pay a penalty imposed under the RO Act or the Fair Work Act 2009

Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

- ~~• have a receivable with other reporting unit(s)~~
- ~~• have a payable with other reporting unit(s)~~
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- ~~• have an annual leave provision in respect of holders of office~~
- ~~• have a long service leave provision in respect of holders of office~~
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- ~~• have an annual leave provision in respect of employees (other than holders of office)~~
- ~~• have a long service leave provision in respect of employees (other than holders of office)~~
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- ~~• have a balance within the general fund~~
- ~~• provide cash flows to another reporting unit and/or controlled entity~~
- ~~• receive cash flows from another reporting units and/or controlled entity~~
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit


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Trevor Williams
District President

Dated: 23 March 2022



Independent Audit Report to the members of Construction Forestry Maritime Mining and Energy Union Mining and Energy Division - Victorian District Branch

Report on the Financial Report

We have audited the financial report of Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch ("the Union"), which comprises the balance sheet as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, the board of management statement, the subsection 255 (2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Union as at 31 December 2021 and of their performance and cashflows for the year then ended in accordance with:

- (a) the Australian Accounting Standards; and
- (b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the "RO Act").

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as 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 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.

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Independent Audit Report to the members of Construction Forestry Maritime Mining and Energy Union Mining and Energy Division - Victorian District Branch

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

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

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

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

The Board of Management 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 RO Act, and for such internal control as the Board of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Management are responsible for assessing Construction Forestry Maritime Mining and Energy Union - Mining and Energy Division - Victorian District Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intend to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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.



Independent Audit Report to the members of Construction Forestry Maritime Mining and Energy Union Mining and Energy Division - Victorian District Branch

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud or error 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 Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



Independent Audit Report to the members of Construction Forestry Maritime Mining and Energy Union Mining and Energy Division - Victorian District Branch

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

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

Daley Audit
Daley Audit

Michael Mundt
Michael Mundt
Partner

Wollongong

Dated: 23 March 2022

Registration number (as registered by the RO Commissioner under the RO Act): AA 2017/67

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