



23 October 2017

Mr Andrew Mahar  
President  
Civil Contractors Federation-Victorian Branch  
[ccfvic@ccfvic.com.au](mailto:ccfvic@ccfvic.com.au)

CC: [michael.shulman@stannards.com.au](mailto:michael.shulman@stannards.com.au)

Dear Mr Mahar,

**Civil Contractors Federation-Victorian Branch**  
**Financial Report for the year ended 30 June 2017 - [FR2017/216]**

I acknowledge receipt of the financial report of the Civil Contractors Federation-Victorian Branch. The documents were lodged with the Registered Organisations Commission (the ROC) on 14 September 2017.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

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 30 June 2018 may be subject to an advanced compliance review.

**Reporting Requirements**

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at [david.vale@roc.gov.au](mailto:david.vale@roc.gov.au).

Yours faithfully

A handwritten signature in blue ink that reads "David Vale".

David Vale  
Registered Organisations Commission

**From:** Anushan Jayaratne <ajayaratne@ccfvic.com.au>  
**Sent:** Thursday, 14 September 2017 12:16 PM  
**To:** ROC - Registered Org Commission  
**Subject:** FR2017/216 CCF VIC Lodgement of financial reports  
**Attachments:** Financial Report- CCF Vic Branch.pdf; Certificate of Designated Officer 2017.pdf

[FR2017/216](#)

Dear General Manager

We have attached here with the statement of the designated officer pertaining to the conduct of the AGM and the full audited financial report for review.

If you need any further clarifications kindly contact us.

Regards



**Anushan Jayaratne | Finance Manager CPA, CGMA** (sent on behalf of John Kilgour)  
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**CIVIL CONTRACTORS FEDERATION**  
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**CIVIL CONTRACTORS FEDERATION  
(VIC BRANCH)**

**ABN 97 341 352 156**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2017**

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## **Operating Report for the Year Ended 30 June 2017**

### **Principal Activities s254(2)(a)**

The principal activities of the Branch during the financial year were to represent the members as a peak employer body in Victoria and provide member services consistent with the objects of the Federation.

### **Results of principal activities s254(2)(a)**

The Branch's principal activities resulted in a trading profit of \$50,516 (2016 profit of \$21,403).

Cash balances during the year have decreased from \$1,602,324 to \$893,293 As at reporting date, it has a working capital surplus of \$636,169 (2016: \$1,508,097), due to the acquisition of a property.

Advocacy and member services in industrial relations services has again been a focus given the Federal Workplace Relations reform including workplace agreements, and Building and Construction Industry Code Compliance.

The Branch has also continued service provision in workplace training to meet industry demand. Continued education and promotion of contractors to achieve recognition as accredited contractors for quality management OH&S and environmental management utilising the Branch's Contractor Management System also occurred.

Advocacy to both state and federal governments and government agencies has also been an area of high performance in representing the views of members in the industry.

The Branch did not acquire an asset or liability during the financial year as a result of amalgamation under Part 2 of Chapter 3 of the Fair Work (Registered Organisations) Act, a restructure of the branches of an organisation, and/or a determination or revocation by the General Manager Fair Work Commission (FWC).

### **Significant changes in nature of principal activities s254(2)(a)**

There were no significant changes in the nature of the Branch's principal activities during the financial year.

### **Significant changes in Branch's financial affairs s254(2)(b)**

No matters or circumstances arose during the reporting year which significantly affected the financial affairs of the Branch.

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

Likely developments in the operations of the Branch and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Branch.

**Operating Report (cont'd)  
for the Year Ended 30 June 2017**

**Number of Members** *RO reg 159(a)*

The number of persons who, at the end of the financial year, were recorded on the Register of members was: 386 Members and 120 Associate Members. At the end of the previous financial year there were 400 Members and 119 Associate Members.

**Number of Employees** *reg 159(b)*

The number of persons who were, at the end of the financial year, employees of the VIC Branch of the Branch was 13.2 (2016: 14.5).

**Committee of Management Members** *RO reg 159(c)*

The persons who held office as members of the Committee/Board of Management of the VIC Branch during the financial year were:

Andrew Mahar	Acting President	02-06-2017 to 30-06-2017
Andrew Mahar	Acting Vice President	19-02-2017 to 22-06-2017
Andrew Mahar	Board Member & National Board Member	1-07-2016 to 30-06-2017
Domenic De-Fazio	President	1-07-2016 to 01-06-2017
John Plumridge	Board Member & Treasurer	1-07-2016 to 30-06-2017
Antony Damiani	Vice President	22-06-2016 to 24-02-2017
Michael Di-Carlo	Board – Member Casual	16-05-2017 to 30-06-2017
Clifford Smith	Board Member	1-07-2016 to 30-06-2017
Jay Miller	Board Member	1-07-2016 to 30-06-2017
Steve Traicevski	Board Member	1-07-2016 to 30-06-2017
Bob Beck	Board Member	1-07-2016 to 30-06-2017
Robert Trebilco	Board Member	1-07-2016 to 30-06-2017

**Operating Report (cont'd)  
for the Year Ended 30 June 2017**

**Trustee or director of trustee company of superannuation entity or exempt public sector superannuation scheme s254(2)(d)**

No officeholders held positions as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

**Operating Report (cont'd)  
for the Year Ended 30 June 2017**

**Manner of resignation**

Members may resign from the Branch in accordance with Section 174 of the Fair Work (Registered Organisations) Act 2009 and with rule 9 of the Civil Contractors Federation Constitution and Rules, which reads as follows:

**"9 - RESIGNATION OF MEMBERS**

- (a) A Member may resign from the Branch by written notice addressed and delivered to the Chief Executive Officer.
- (b) A notice of resignation from membership of the Branch takes effect:
  - (i) at the end of two weeks after the notice is received by the Branch: or
  - (ii) on the day specified in the notice;whichever is later.
- (c) Any dues payable but not paid by a former Member of the Branch in relation to a period before the Member's resignation from the Branch took effect, may be sued for and recovered in the name of the Branch, in a court of competent jurisdiction, as a debt due to the Branch.
- (d) A notice delivered to the person mentioned in subrule (1) shall be taken to have been received by the Branch when it was delivered.
- (e) A notice of resignation that has been received by the Branch is not invalid because it was not addressed and delivered in accordance with sub rule (a) of Rule 9.
- (f) A resignation from membership of the Branch is valid even if it is not effected in accordance with this section if the Member is informed in writing by or on behalf of the Branch that the resignation has been accepted."



Andrew Mahar  
**VIC Branch Acting President**

Dated: 9<sup>th</sup> August 2017



**VIC Committee of Management Statement  
for the Year Ended 30 June 2017**

On 9<sup>th</sup> of August 2017, the Committee of Management of the Civil Contractors Federation, Victorian Branch, passed the following resolution in relation to the General Purpose Financial Report (GPFR) of the reporting unit for the financial year ended 30 June 2017:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Reporting Guidelines of the Commissioner, Registered Organisations Commission and Australian Accounting Standards;
- (b) the financial statements and notes give a true and fair view of the financial performance, position and cash flows of the reporting unit for the financial year to which they relate;
- (c) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (d) during the financial year to which the general purpose financial report relates and since the end of that year:
  - (i) meetings of the Victoria Branch Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned;
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
  - (iv) the information sought in any request of a member of the reporting unit or the Commissioner, Registered Organisations Commission duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the Commissioner, Registered Organisations Commission;
  - (v) the financial records of the reporting unit have been kept, to the extent we have been advised of them and as far as practicable, in a consistent manner to each of the other reporting units of the organisation;
  - (vi) no requests were received from any member of the reporting unit or a Commissioner, Registered Organisation Commission for information under section 272 of the Fair Work (Registered Organisations) Act 2009; and
  - (vii) there have been no orders for inspection of financial records made by the Registered Organisations Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the year; and
- (d) in relation to recovery of wage activity, there has been no recovery of wage activities during the year.

Resolved by the Committee of Management:



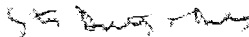
Andrew Mahar  
**VIC Branch Acting President**

Dated: 9<sup>th</sup> August 2017

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE COMMITTEE OF MANAGEMENT OF THE  
CIVIL CONTRACTORS FEDERATION – VIC BRANCH**

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2017 there have been: –

- (i) no contraventions of the auditor independence requirements in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Stannards Accountants & Advisors  
1/60 Toorak Road, South Yarra VIC 3141



MB Shulman  
Registered Company Auditor (163888)  
Holder of Current Public Practice Certificate  
Approved Auditor (FWC Act and Regulations – AA2017/45)

Dated: 9 August 2017

**Statement of Profit and Loss  
for the Year Ended 30 June 2017**

	Note	2017 \$	2016 \$
Revenue	2	2,671,120	2,521,827
		<u>2,671,120</u>	<u>2,521,827</u>
Auditors remuneration	3b	(10,945)	(10,358)
Bad and doubtful debt expenses	3a	(21,200)	-
Depreciation expenses	3c	(42,033)	(57,129)
Employee benefits expenses	3d	(1,238,738)	(1,212,383)
National Branch Levy	3f	(88,000)	(88,000)
Other expenses	3e	(1,219,688)	(1,132,554)
Total expenses		<u>(2,620,604)</u>	<u>(2,500,424)</u>
<b>Net Profit before Income Tax</b>		<u>50,516</u>	<u>21,403</u>
Retained earnings at the beginning of the financial year		1,796,277	1,774,874
<b>Retained earnings at the end of the financial year</b>		<u>1,846,793</u>	<u>1,796,277</u>

The accompanying notes form part of the financial statements

**Statement of Comprehensive Income  
for the Year Ended 30 June 2017**

	2017 \$	2016 \$
Profit for the period	50,516	21,403
Other Comprehensive Income for the period	-	-
Total Comprehensive Income for the period	50,516	21,403
<b>Total Comprehensive Income attributable to members of the organisation</b>	<b>50,516</b>	<b>21,403</b>

The accompanying notes form part of the financial statements

**Statement of Financial Position  
as at 30 June 2017**

	Note	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	893,293	1,602,324
Trade and other receivables	5	1,226,826	1,204,545
Inventories	6	31,771	25,938
Other current assets	7	159,041	134,930
<b>Total Current Assets</b>		<b>2,310,931</b>	<b>2,967,737</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	8	12,500	12,500
Property, plant and equipment	9	1,958,686	334,018
<b>Total Non-Current Assets</b>		<b>1,971,186</b>	<b>346,518</b>
<b>Total Assets</b>		<b>4,282,117</b>	<b>3,314,255</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	1,431,628	1,308,401
Borrowings	11	116,617	39,972
Provisions	12	126,517	111,267
<b>Total Current Liabilities</b>		<b>1,674,762</b>	<b>1,459,640</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	10	2,000	2,000
Borrowings	11	756,562	54,338
<b>Total Non-Current Liabilities</b>		<b>758,562</b>	<b>56,338</b>
<b>Total Liabilities</b>		<b>2,433,324</b>	<b>1,515,978</b>
<b>NET ASSETS</b>		<b>1,848,793</b>	<b>1,798,277</b>
<b>EQUITY</b>			
Reserves	14	2,000	2,000
Retained earnings	15	1,846,793	1,796,277
<b>Total Equity</b>		<b>1,848,793</b>	<b>1,798,277</b>

The accompanying notes form part of the financial statements

**Statement of Changes in Members' Funds  
for the Year Ended 30 June 2017**

	\$
Balance as at 1 July 2015	1,774,874
Profit /(Loss) attributable to members	21,403
Balance at 30 June 2016	<u>1,796,277</u>
Reserve balance at 30 June 2016	<u>2,000</u>
Balance as at 1 July 2016	1,796,277
Profit /(Loss) attributable to members	50,516
Balance at 30 June 2017	<u>1,846,793</u>
Reserve balance at 30 June 2017	<u>2,000</u>

The accompanying notes form part of the financial statements

**Statement of Cash Flows  
for the Year ended 30 June 2017**

	Note	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts in the course of operations		2,569,866	2,481,905
Cash receipts from related parties – Branches	18(f)	59,020	50,812
Interest received		19,953	53,402
Cash payments to related parties - Branches	18(f)	(105,098)	(137,313)
Cash payments in the course of operations		<u>(2,364,034)</u>	<u>(2,405,187)</u>
<b>Net cash provided by (used in) operating activities</b>	19	<u>179,707</u>	<u>43,619</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		(1,671,560)	(101,532)
Proceeds from disposal of plant and equipment		<u>3,953</u>	<u>42,142</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(1,667,607)</u>	<u>(59,390)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net repayment of hire purchases		(39,386)	(16,114)
Borrowings - net		<u>818,255</u>	<u>-</u>
<b>Net cash provided by (used in) financing activities</b>		<u>778,869</u>	<u>(16,114)</u>
Net increase/(decrease) in cash held		(709,031)	(31,885)
Cash at the beginning of the financial year		<u>1,602,324</u>	<u>1,634,209</u>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	4	<u>893,293</u>	<u>1,602,324</u>

The accompanying notes form part of the financial statements

## Notes to the Financial Statements for the Year Ended 30 June 2017

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009.

The financial report covers Civil Contractors Federation (VIC Branch) as an Individual entity. Civil Contractors Federation (VIC Branch) is a Branch incorporated in Victoria under the Fair Work (Registered Organisations) Act 2009.

#### Basis of Preparation

The financial report of Civil Contractors Federation (VIC Branch) as an individual entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. The Branch is a 'not for profit' organisation.

The accounting policies set out below have been consistently applied, unless otherwise stated.

#### Prior Year Comparatives

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

#### Accounting Policies

##### a. Income Tax

The Branch is registered under the Fair Work (Registered Organisations) Act 2009 and is believed to be exempt from income tax including capital gains tax, by virtue of the provisions of s.50-15 of the Income Tax Assessment Act 1997.

##### b. Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at-call with banks or financial institutions, investments in money market instruments maturing in less than three months and net of bank overdrafts.

##### c. Plant and Equipment

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

#### Cost and valuation

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

The carrying amount of plant and equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to present value in determining recoverable amounts.



**Notes to the Financial Statements (cont'd)  
for the Year Ended 30 June 2017**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**d. Plant and Equipment (cont'd)**

*Depreciation*

The depreciable amounts of all fixed assets including buildings and capitalized lease assets, but excluding freehold land, is depreciated on a straight line method at rates based on their estimated useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Motor Vehicles	18.75% - 25%
Plant & Equipment	2.5% – 100%

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at each balance/(reporting) date.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount. These gains and losses are included in the Statement of Profit and Loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**d. Trade and other Receivables**

Trade and other receivable are recognised initially at fair value and are generally due for settlement within 30 days.

The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivable is established when there is objective evidence that the Branch will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement as an expense.

**e. Trade and other Payables**

Trade payables and other accounts payable are recognised when the Branch becomes obliged to make future payments resulting from the purchase of goods and services. Trade accounts payable are normally settled within 30 days.

**f. Financial Instruments**

Financial instruments are initially measured at cost on trade date, which includes the transaction costs, when the related contractual rights or obligations exist.

Subsequent to the initial recognition, the Board assess whether there is objective evidence that a financial instrument has been impaired. A prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen, impairment losses are recognised In the Statement of Profit and Loss.

**Notes to the Financial Statements (cont'd)  
for the Year Ended 30 June 2017**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**g. Employee Benefits**

Short-term employee benefits

Provision is made for the Branch's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and vesting sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Branch's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Long-term employee benefits

Provision is made for employee's long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Branch's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Branch does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

No provision is made for sick leave as there is no vested liability to pay for accumulated leave and the sick leave to be taken in future reporting periods is not expected to be greater than entitlements which are expected to accrue in those periods.

Superannuation

Contributions are made by the Branch to employee superannuation funds and are expensed when incurred. The Branch is not obliged to contribute to these funds other than to meet its liabilities under the superannuation guarantee system and is under no obligation to make up any shortfall in the funds' assets to meet payments due to employees.

**h. Leases**

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

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a written down value basis over their estimated useful lives where it is likely that the Branch will obtain ownership of the asset over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**Notes to the Financial Statements (cont'd)  
for the Year Ended 30 June 2017**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**i. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense, and is included in receivables and payables in the Statement of Financial Position.

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

**j. Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

Revenue from the rendering of a service and subscriptions and grants is recognised upon the delivery of the service on an accruals basis.

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

**k. Operating Segment**

The Branch is incorporated under the Fair Work (Registered Organisations) Act 2009 and domiciled in Australia.

The Branch operates predominantly in one business and geographical segment, being a representative body of civil engineering contractors in Victoria, providing professional services, information and advice including industrial relations advice, dispute resolution, training (business, occupational health and safety), changes to acts and legislation, changes to award rates of and work practices to members of the Branch throughout Victoria.

**l. Cash and Cash Equivalents**

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand, cash at bank and investments in money market instruments.

**m. Fair Value of Assets and Liabilities**

The Branch measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Branch would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

**Notes to the Financial Statements (cont'd)  
for the Year Ended 30 June 2017**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**m. Fair Value of Assets and Liabilities (cont'd)**

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statement.

**n. Capitation Fees**

These fees are recognised on an accruals basis, and recorded as an expense in the year to which they relate.

**o. Critical Accounting Estimates and Judgements**

The Board evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Branch.

*Key Estimates – Impairment*

The Board assesses impairment on each reporting date by evaluating conditions specific to the Branch that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of any assets for the year ended 30 June 2017, except as stated in this report.

*Key Judgements - Doubtful Debts Provision*

The Board have assessed each debtor and have estimated a provision for doubtful debts is required of \$21,200. The Board believes that the full amount of the debtors may however be recoverable.

**Notes to the Financial Statements (cont'd)  
for the Year Ended 30 June 2017**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**p. New Accounting Standards for Application in Future Periods**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Branch, together with an assessment of the potential impact of such pronouncements on the Branch when adopted in future periods, are discussed below:

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

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

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

Although the Committee of Management anticipate that the adoption of AASB 9 may have an impact on the Branch's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

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

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

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

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

**Notes to the Financial Statements (cont'd)  
for the Year Ended 30 June 2017**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**p. New Accounting Standards for Application in Future Periods (cont'd)**

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

Although the Committee of Management anticipate that the adoption of AASB 15 may have an impact on the Branch's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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

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

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

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

- AASB 2014-10: Amendments to Australian Accounting Standards – *Sale of Contribution of Assets between an investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

## Notes to the Financial Statements for the Year Ended 30 June 2017 (cont'd)

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### p. New Accounting Standards for Application in Future Periods (cont'd)

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: *Business Combinations* to an associate or joint venture, and requires that:

- A gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- The remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- Any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture.
- The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the Committee of Management anticipate that the adoption of AASB 2014-10 may have an impact on the Branch's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

#### q. Information to be provided to Members or Commissioner, Registered Organisations Commission

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

- (1) A Member of an organisation, or the Commissioner, Registered Organisations Commission, may apply to the organisation for specified prescribed information in relation to the organisation 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 organisation.
- (3) An organisation must comply with an application made under subsection (1).

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

	2017 \$	2016 \$
<b>NOTE 2: REVENUE</b>		
<b>Operating activities:</b>		
CMS SCIMS Income	211,709	251,348
Conference / Functions	90,584	95,920
Sponsorship	121,409	144,950
Publications	62,443	44,784
Training Fees	868,333	585,843
Membership	946,269	940,089
Incolink Funding	344,686	362,652
Interest received	19,953	53,402
Other revenue	5,734	22,959
Profit on Sale of Non-Current Assets	-	19,880
Capitation Fees	-	-
Compulsory Levy and Voluntary Levy	-	-
Donations / Grants	-	-
Financial Support - Branches	-	-
<b>Total Revenue</b>	<b>2,671,120</b>	<b>2,521,827</b>
<b>NOTE 3: PROFIT FROM ORDINARY ACTIVITIES</b>		
The operating profit of the Branch before income tax expense has been determined after:		
<b>a. Bad and Doubtful Debts</b>		
Bad debts written off to expense	-	-
Provision for doubtful debts	21,200	-
	<b>21,200</b>	<b>-</b>
<b>b. Auditor's Remuneration</b>		
Auditor's remuneration – Financial Statement Audit (Other services: \$nil (2016: \$nil))	10,945	10,358
	<b>10,945</b>	<b>10,358</b>
<b>c. Depreciation and Amortisation</b>		
Plant and equipment	14,369	23,331
Motor vehicles	27,664	33,798
	<b>42,033</b>	<b>57,129</b>



**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

	2017 \$	2016 \$
<b>NOTE 3: PROFIT FROM ORDINARY ACTIVITIES (cont'd)</b>		
<b>d. Employee related expenses</b>		
Salaries	987,106	926,101
Superannuation	92,965	99,111
Employee benefits	98,929	80,295
Payroll tax	52,727	52,275
Redundancy payments	-	34,781
Training and recruitment	7,011	19,820
	1,238,738	1,212,383
<b>e. Other expenses include: -</b>		
Publications	55,940	40,680
CMS Expenses	154,776	157,920
Conference / Functions	155,299	172,203
Training Delivery Costs	129,181	102,950
Computer Expenses	17,916	18,794
Insurance Costs	10,365	8,226
Communication Expense	19,097	19,847
Motor Vehicle Expenses	30,662	30,507
Stationery, Printing and Postage	6,445	10,926
Rent	161,361	142,611
Legal Costs – Litigation	-	-
Legal Costs – Consultation (Other Matters)	2,849	173
Other Costs	470,797	427,717
Penalties (RO Act and Regulations)	-	-
Affiliation Fees	-	-
Consideration to employers making payroll deductions	-	-
Subscriptions (Political Parties etc)	-	-
Levies – Other Parties	-	-
Grants > \$1,000	-	-
Grants < \$1,000	-	-
Donations > \$1,000	-	-
Donations < \$1,000 (Donation to 'Life Again Foundation')	5,000	-
Meeting Attendance Fees	-	-
	1,219,688	1,132,554
<b>f. Levy</b>		
National office levy	88,000	88,000
	88,000	88,000

The levy is imposed by the CCF National Office to assist in funding the National Office Operations. No other compulsory or voluntary levies (2016: \$nil) were paid by the Branch.

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

	2017 \$	2016 \$
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>		
<b>Current</b>		
Deposit	4,000	4,000
Cash at bank & on deposit	889,293	1,598,324
	<u>893,293</u>	<u>1,602,324</u>
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as set out above.		
<b>NOTE 5: TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade Debtors	1,248,163	1,192,842
Less: Provision for Doubtful Debts	(21,200)	-
Sundry Debtors	(137)	11,703
	<u>1,226,826</u>	<u>1,204,545</u>
<b>NOTE 6: INVENTORIES</b>		
<b>Current</b>		
Publications on Hand – at cost	24,270	23,899
Cards on Hand – at cost	2,039	2,039
Stock Promotions – at cost	5,462	-
	<u>31,771</u>	<u>25,938</u>
<b>NOTE 7: OTHER CURRENT ASSETS</b>		
<b>Current</b>		
Borrowing Costs	605	1,035
Prepayments	114,529	89,988
Security Deposit – Leased Premises	43,907	43,907
	<u>159,041</u>	<u>134,930</u>
<b>NOTE 8: FINANCIAL ASSETS</b>		
Available for sale financial assets		
Unlisted investments, at fair value	12,500	12,500
Total available-for-sale financial assets	<u>12,500</u>	<u>12,500</u>

This asset is expected to be recovered by the Branch in 2017/18.

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

	2017 \$	2016 \$
<b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Motor Vehicles</b>		
At cost	275,899	275,899
Accumulated depreciation	(120,167)	(92,504)
<b>Total motor vehicles</b>	<b>155,732</b>	<b>183,395</b>
<b>Office Furniture &amp; Equipment</b>		
At cost	415,265	349,797
Accumulated depreciation	(285,054)	(273,996)
<b>Total office furniture &amp; equipment</b>	<b>130,211</b>	<b>75,801</b>
<b>Software</b>		
At cost	55,385	55,385
Accumulated depreciation	(16,334)	(13,039)
<b>Total software</b>	<b>39,051</b>	<b>42,346</b>
<b>CivFast System Development (1)</b>		
At cost	109,792	32,476
Accumulated depreciation	-	-
<b>Total software development</b>	<b>109,792</b>	<b>32,476</b>
<b>Land and Buildings</b>		
At cost	1,523,900	-
Accumulated depreciation	-	-
<b>Total software development</b>	<b>1,523,900</b>	<b>-</b>
<b>Total property, plant and equipment</b>	<b>1,958,686</b>	<b>334,018</b>

Movements in carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year.

(1) This asset has both tangible and intangible characteristics

	Motor Vehicles \$	Office Furniture & Equipment \$	Software \$	CivFast System Development \$	Land and Buildings \$	Total \$
<b>Balance at 30 June 2015</b>	178,728	86,022	50,023	-	-	314,773
Additions	51,215	17,841	-	32,476	-	101,532
Disposals	(12,750)	(12,408)	-	-	-	(25,158)
Depreciation Expense	(33,798)	(15,654)	(7,677)	-	-	(57,129)
<b>Carrying amount at 30 June 2016</b>	<b>183,395</b>	<b>75,801</b>	<b>42,346</b>	<b>32,476</b>	<b>-</b>	<b>334,018</b>
<b>Carrying amount at 30 June 2016</b>	<b>183,395</b>	<b>75,801</b>	<b>42,346</b>	<b>32,476</b>	<b>-</b>	<b>334,018</b>
Additions	-	70,344	-	77,316	1,523,900	1,671,560
Disposals	-	(4,859)	-	-	-	(4,859)
Depreciation Expense	(27,663)	(11,075)	(3,295)	-	-	(42,033)
<b>Carrying amount at 30 June 2017</b>	<b>155,732</b>	<b>130,211</b>	<b>39,051</b>	<b>109,792</b>	<b>1,523,900</b>	<b>1,958,686</b>

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

	2017 \$	2016 \$
<b>NOTE 10: TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Income not yet earned	1,102,094	1,071,525
Accounts Payable	163,418	65,010
Other Creditors	49,875	39,083
Payroll Liabilities	21,394	21,339
GST Payable	88,847	107,844
Accrued Expenses	6,000	3,600
	<u>1,431,628</u>	<u>1,308,401</u>
No amounts were payable in respect of legal matters and/or consideration for employers making payroll deductions (2016: \$nil)		
<b>Non-Current</b>		
Debentures Not Repayable Within One Year	2,000	2,000
<b>NOTE 11: BORROWINGS</b>		
<b>Current</b>		
Hire Purchase Liability	40,704	43,083
Less: Unexpired Hire Purchase Liability	(899)	(3,111)
	<u>39,805</u>	<u>39,972</u>
Westpac Business Loan (i)	76,812	-
<b>Total Current Borrowings</b>	<u>116,617</u>	<u>39,972</u>
<b>Non-Current</b>		
Hire Purchase Liability	15,179	56,818
Less Unexpired Hire Purchase Liability	(60)	(2,480)
	<u>15,119</u>	<u>54,338</u>
Westpac Business Loan (i)	741,443	-
<b>Total Non-Current Borrowings</b>	<u>756,562</u>	<u>54,338</u>

(i) The facilities for this borrowing is secured by the following:  
\$840,000 Limited Guarantee and Indemnity provided by Civil Contractors Federation ABN 41 639 349 350 supported by: Mortgage by Civil Contractors Federation over the property located at 9 Business Park Drive, Notting Hill Vic 3168.

**NOTE 12: PROVISIONS**

<b>Current</b>		
Provision for Annual Leave	74,108	74,108
Provision for Long Service Leave	52,409	37,159
	<u>126,517</u>	<u>111,267</u>
<b>Non-Current</b>		
Provision for Long Service Leave	-	-
	<u>-</u>	<u>-</u>
<b>Total provisions</b>	<u>126,517</u>	<u>111,267</u>

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

**NOTE 12: PROVISIONS (cont'd)**

- (i) Employee provisions accrue directly to employees of the Branch.  
No employee entitlements were accrued in respect of officeholders (2016: \$nil)

	2017	2016
<b>Number of employees at year-end</b>	13.2	14.5

Of the amounts owing are payable as follows:-

	Annual Leave		Long Service Leave and Retirement Allowance		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Officeholders	-	-	-	-	-	-
Other Staff	74,108	74,108	52,409	37,159	126,517	111,267
<b>Total</b>	74,108	74,108	52,409	37,159	126,517	111,267

There are no provisions for separation and redundancy or other provisions for officeholders or other employees (2016: \$nil).

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

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

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

**NOTE 13: EMPLOYEE BENEFITS**

Employee benefits paid/accrued during the year	Elected Officials (Office holders)		Employees (other than Elected Officials)		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Wages and Salaries	-	-	987,106	926,101	978,577	926,101
Annual Leave and Long Service Leave	-	-	98,929	80,295	98,929	80,295
Redundancy Payments	-	-	-	34,781	-	34,781
Superannuation	-	-	92,965	99,111	101,494	99,111
<b>Total</b>	-	-	1,179,000	1,140,288	1,179,000	1,140,288

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

	2017 \$	2016 \$
<b>NOTE 14: RESERVES</b>		
General Reserve – Members’ Debentures	2,000	2,000
There has been no movement in the reserve during the current or preceding year.		
<b>NOTE 15: RETAINED EARNINGS</b>		
Retained earnings at the beginning of the financial year	1,796,277	1,774,874
Net profit attributable to the entity	50,516	21,403
Retained earnings at the end of the financial year	1,846,793	1,796,277
<b>NOTE 16: CAPITAL AND LEASING COMMITMENTS</b>		
	2017 \$	2016 \$
<b>Hire Purchase Commitments</b>		
Payable – Minimum Hire Purchase payments		
Not later than 12 months	55,883	43,083
Later than 12 months but not later than 2 years	-	56,818
Later than 2 years but not later than 5 years	-	-
Minimum Hire Purchase payments	55,883	99,901
Less future finance charges	(959)	(5,591)
Present value of minimum payments	54,924	94,310
<b>Operating Lease Commitments</b>		
Payable – Minimum Operating Lease payments		
Not later than 12 months	140,962	200,747
Later than 12 months but not later than 2 years	59,001	96,378
Later than 2 years but not later than 5 years	-	96,270
Minimum Operating Lease payments	199,963	393,395

As at 30 June, 2017, the Branch which has acquired a new property during the year is contracted to spend some \$48,609 on capital improvements to that property (2016 : \$nil).

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

**NOTE 17: FINANCIAL RISK MANAGEMENT**

**Financial Risk Management Policies**

The Branch's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable, and investments in an unlisted company.

The entity does not have any derivative instruments at 30 June 2017.

**i. Terms, Conditions and Accounting Policies**

The Branch's accounting policies are included in Note 1, while the terms and conditions, including the effective weighted average interest rate of each class of financial asset and financial liability both recognised and unrecognised at the balance date are included under the appropriate note for that instrument.

**ii. Treasury Risk Management**

The Branch meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

**iii. Financial Risk Exposures and Management**

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

**Liquidity risk**

The Branch manages this risk by monitoring its credit terms on trade debtors

**Interest rate risk**

The Branch has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 June 2017, the effect on profit and equity as a result of the changes in interest rate, with all other variables remaining constant would be as follows:

	2017 \$	2016 \$
<b>Change in profit/(loss)</b>		
Increase in interest rate by 1%	750	16,023
Decrease in interest rate by 1%	(750)	(16,023)
<b>Change in equity</b>		
Increase in interest rate by 1%	750	16,023
Decrease in interest rate by 1%	(750)	(16,023)

No sensitivity analysis has been performed on foreign currency risk as the Branch is not materially exposed to foreign currency fluctuations.

**Credit Risk Exposure**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial report.

The Branch is not materially exposed to any individual credit risk.

**iv. Interest Rate Risk**

The Branch's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:-

## Notes to the Financial Statements for the Year Ended 30 June 2017 (cont'd)

### NOTE 17: FINANCIAL RISK MANAGEMENT (cont'd)

	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	1 year or less \$	Fixed Interest Rate Maturities 1 to 5 years \$	Over 5 years \$	Non Interest Bearing \$	Total \$
<b>30 June 2017</b>							
<b>Assets:</b>							
Cash	2.1%	893,293	-	-	-	-	893,293
Trade and Sundry Debtors		-	-	-	-	1,385,867	1,385,867
		893,293	-	-	-	1,385,867	2,279,160
<b>Liabilities:</b>							
Sundry Creditors & Other Liabilities		-	-	-	-	(1,433,628)	(1,433,628)
Borrowings	5.2%	(818,255)	(39,805)	(15,119)	-	(873,179)	(1,746,358)
		(818,255)	(39,805)	(15,119)	-	(2,306,807)	(3,179,986)
Net financial assets		75,038	(39,805)	(15,119)	-	(920,940)	(900,826)
<b>30 June 2016</b>							
Cash	3.3%	1,602,324	-	-	-	-	1,602,324
Trade and Sundry Debtors		-	-	-	-	1,339,475	1,339,475
		1,602,324	-	-	-	1,339,475	2,941,799
<b>Liabilities:</b>							
Sundry Creditors and Other Liabilities		-	-	-	-	(1,310,401)	(1,310,401)
Borrowings	1.0%	-	(39,972)	(54,338)	-	-	(94,310)
		-	(39,972)	(54,338)	-	(1,310,401)	(1,404,711)
Net financial assets		1,602,324	(39,972)	(54,338)	-	29,074	1,537,088

#### v. Net Fair Values

The aggregate net fair values and carrying amount of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statement



**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

**NOTE 18: RELATED PARTY TRANSACTIONS**

**a. VIC Branch Board members**

The names of the members of the VIC Branch Board who held office during the year are as follows:

Andrew Mahar, Domenic De-Fazio, John Plumridge, Clifford Smith, Antony Damiani, Michael Di-Carlo, Jay Miller, Steve Traicevski, Bob Beck and Robert Trebilco.

The officeholders received no 'non cash' benefits (2016: \$nil). No officeholder of the Branch during the year and/or the prior year had any material personal interest in a matter that he/she has or did acquire, or a relative of the officeholder has or did acquire.

No officeholder or officer of the Branch (this year or last year) received any remuneration because they were a member of, or held position with a Board or peak council because:-

i)	The officeholder held such a position with the Board or other organisation only because they were an officeholder of the Branch; or
ii)	They were nominated for the position by the Branch; or
iii)	They received remuneration from any third party, in connection with the performance of their duties as an officeholder of the Branch.

**b. Names and positions held by key management personnel in office at any time during the year**

John Kilgour	CEO
Robert Garrad	General Manager Training
Anushan Jayaratne	Finance Manager

In the current year, there was 13.2 full time equivalent staff (2016: 14.5 staff).

c. Key Management Personnel Remuneration	2017 \$			2016 \$		
	Short Term Benefits	Post Employment Benefits	Total	Short Term Benefits	Post Employment Benefits	Total
	\$	\$	\$	\$	\$	\$
Total Compensation	449,819	39,879	489,698	467,196	45,900	513,096

d. Annual Leave and Long Service Leave Accrued for Key Management Personnel at end of the Year	2017 \$			2016 \$		
	Annual Leave	Long Service Leave	Total	Annual Leave	Long Service Leave	Total
	\$	\$	\$	\$	\$	\$
Total Leave Provision	12,518	-	12,518	12,588	-	12,588

No termination benefits or share based payments were received, except as already disclosed in this report.

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

**NOTE 18: RELATED PARTIES (cont'd)**

**e. Transactions with National Office, Branches and Related Entities**

Entities related to VIC Branch Board members paid membership fees, received training, purchased statutory awards and updates from the Branch during the year on the same commercial terms and conditions offered to all other members.

	<b>2017</b>	<b>2016</b>
Levy Payment	\$	\$
During the year, the VIC Branch paid to the National Office a per capita payment calculated in accordance with the rules.	88,000	88,000

**f. Related Party balances at year end**

	<b>2017</b>	<b>2016</b>
Amounts receivable/(payable) at reporting date – Federal office and other branches	\$	\$
National Office	(10,164)	(8,571)
Queensland Branch	(1,740)	(110)
South Australia Branch	(1,827)	976
Western Australia Branch	(330)	(1,740)
New South Wales Branch	(715)	(495)
Northern Territory Branch	(83)	(275)
Tasmania Branch	(248)	1,575
Australian Capital Territory Branch	-	-
	<u>(15,107)</u>	<u>(8,640)</u>

**Balance Reconciliation- related entities**

<b>National Office</b>		
Carrying amount at beginning of the year	(8,571)	2,959
Levy charge	(88,000)	(88,000)
Sundry charges	(2,679)	(16,227)
Sundry income	13,364	10,488
Receipts	(13,364)	(13,024)
Payment made	89,086	95,233
Carrying amount at end of the year	<u>(10,164)</u>	<u>(8,571)</u>
<b>Queensland Branch</b>		
Carrying amount at beginning of the year	(110)	(110)
Sundry charges	(2,290)	(2,477)
Sundry income	1,378	548
Receipts	(1,378)	(548)
Payment made	660	2,477
Carrying amount at end of the year	<u>(1,740)</u>	<u>(110)</u>
<b>South Australia Branch</b>		
Carrying amount at beginning of the year	976	(1,273)
Sundry charges	(8,842)	(12,932)
Sundry income	10,884	7,391
Receipts	(10,538)	(4,820)
Payment made	5,693	12,610
Carrying amount at end of the year	<u>(1,827)</u>	<u>976</u>
<b>Western Australia Branch</b>		
Carrying amount at beginning of the year	(1,740)	(1,562)
Sundry charges	(1,870)	(548)
Sundry income	-	3,833
Receipts	-	(4,080)
Payment made	3,280	617
Carrying amount at end of the year	<u>(330)</u>	<u>(1,740)</u>

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

**NOTE 18: RELATED PARTIES (cont'd)**

	2017	2016
	\$	\$
New South Wales Branch		
Carrying amount at beginning of the year	(495)	(138)
Sundry charges	(2,585)	(9,236)
Sundry income	14,139	9,094
Receipts	(14,139)	(9,094)
Payment made	2,365	8,879
Carrying amount at end of the year	<u>(715)</u>	<u>(495)</u>
Northern Territory Branch		
Carrying amount at beginning of the year	(275)	3,467
Sundry charges	(3,713)	(20,606)
Sundry income	-	-
Receipts	-	-
Payment made	3,905	16,864
Carrying amount at end of the year	<u>(83)</u>	<u>(275)</u>
Tasmania Branch		
Carrying amount at beginning of the year	1,575	945
Sundry charges	(357)	(633)
Sundry income	18,026	19,876
Receipts	(19,601)	(19,246)
Payment made	109	633
Carrying amount at end of the year	<u>(248)</u>	<u>1,575</u>

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

	2017 \$	2016 \$
<b>NOTE 19: CASH FLOW INFORMATION</b>		
<b>Reconciliation of net cash provided by operating activities to profit after income tax</b>		
Profit from Ordinary Activities after income tax	50,516	21,403
Add/(Less) Non Cash Flows in Profit from Ordinary Activities:		
- Depreciation	42,033	57,129
- (Profit)/Loss on Sale of Plant & Equipment	906	(16,984)
	<u>93,455</u>	<u>61,548</u>
Changes in Operating Assets and Liabilities:		
- (Increase)/Decrease in Trade & Sundry Debtors	(22,281)	64,292
- (Increase)/Decrease in Inventory	(5,833)	956
- (Increase)/Decrease in Prepayments	(24,541)	4,935
- (Increase)/Decrease in Other Assets	430	(359)
- Increase/(Decrease) in Payables	123,227	(48,320)
- Increase/(Decrease) in Employee Entitlements	15,250	(39,433)
<b>Net cash provided by operating activities</b>	<u>179,707</u>	<u>43,619</u>

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

**NOTE 20: FAIR VALUE MEASUREMENT**

The Branch measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- freehold land and buildings.

The Branch does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

**a. Fair Value Hierarchy**

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Valuation techniques**

The Branch selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Branch are consistent with one or more of the following valuation approaches:-

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

**NOTE 20: FAIR VALUE MEASUREMENT (cont'd)**

**a. Fair Value Hierarchy (cont'd)**

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Branch gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Branch's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation with the fair value hierarchy.

	Note	30 June 2017			Total \$
		Level 1 \$	Level 2 \$	Level 3 \$	
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
Financial assets at fair value through profit or loss:		-	-	-	-
Available-for-sale financial assets:		-	12,500	-	12,500
<b>Total financial assets recognised at fair value</b>		-	12,500	-	12,500
<i>Non-financial assets</i>					
Freehold land & buildings		-	1,523,900	-	1,523,900
<b>Total non-financial assets recognised at fair value</b>		-	1,536,400	-	1,536,400

	Note	30 June 2016			Total \$
		Level 1 \$	Level 2 \$	Level 3 \$	
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
Financial assets at fair value through profit or loss:		-	-	-	-
Available-for-sale financial assets:		-	12,500	-	12,500
<b>Total financial assets recognised at fair value</b>		-	12,500	-	12,500
<i>Non-financial assets</i>					
Freehold land & buildings		-	-	-	-
<b>Total non-financial assets recognised at fair value</b>		-	-	-	-

## Notes to the Financial Statements for the Year Ended 30 June 2017 (cont'd)

### NOTE 20: FAIR VALUE MEASUREMENT (cont'd)

#### b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 30 June 2017 \$	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>			
Financial assets at fair value through profit or loss:	-		
Available-for-sale financial assets:	1,536,400	Market Value using income on DCF approach	Price per share, market borrowing rate
	1,536,400		

#### c. Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:-

- accounts receivable and other debtors;
- accounts payable and other payables; and
- hire purchase liability.

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation techniques(s) and inputs used:

Description	Fair Value at Hierarchy Level	Valuation Technique(s)	Inputs Used
<i>Assets</i>			
Accounts receivable and other debtors	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
<i>Liabilities</i>			
Accounts payable and other payables	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Hire purchase liabilities	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

**Notes to the Financial Statements  
for the Year Ended 30 June 2017 (cont'd)**

**NOTE 21: EVENTS SUBSEQUENT TO BALANCE DATE**

The CCF Group is currently undertaking a restructure wherein the branches (including CCF VIC), will transfer their net operating assets to newly established companies limited by guarantee for no consideration. It is envisaged the companies limited by guarantee will continue to be controlled by the branch executive / members, and that the branches will ultimately be wound up. This is expected to occur prior to the end of the next financial year.

**NOTE 22: CONTINGENT LIABILITIES**

The Branch is not subject to any material contingent liabilities at balance date.

**NOTE 23: ENTITY DETAILS**

The principal place of business of the entity is:

1 / 322 Glenferrie Road  
MALVERN VIC 3144

The principal segment is member services within Victoria, Australia.

The entity is domiciled in Australia.

**NOTE 24: ECONOMIC DEPENDENCY**

The Branch is economically dependent on ongoing funding in the form of Membership fees, existing worker training from contractors and new entrant training income.

**NOTE 25: OTHER DISCLOSURES**

The Branch did not receive financial support from any other reporting unit during the year, nor provide any to other reporting units. Except as disclosed in the Statement of Profit and Loss, there were no expenses in connection with holding meetings of members of the Branch and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the Branch was wholly or partly responsible.

There were no payments to employers as consideration for employers making payroll deductions for membership subscriptions at reporting date.

No legal fees or employer payroll deductions for subscriptions were payable at reporting date (2016: \$nil).



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
CIVIL CONTRACTORS FEDERATION (VIC BRANCH)

**Report on the Audit of the Financial Report**

**Auditor's Opinion**

We have audited the accompanying general purpose financial report of the Branch, which comprises the statement of financial position as at 30 June, 2017, the statement of profit or loss, the statement of comprehensive income, statement of cash flows, statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes and the Committee of Management Statement.

In our opinion under the Fair Work (Registered Organisations) Act 2009, the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- a) Australian Accounting Standards, and Australian Accounting Interpretations;
- b) in relation to recovery of wages activity;
  - (i) that the scope of the audit encompassed recovery of wages activity
  - (ii) that the financial statements and notes and recovery of wages activity fairly report all information required by the reporting guidelines of the Commissioner, Registered Organisations Commission, including;
    1. Any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
    2. Any donations or other contributions deducted from recovered money; and
- c) Any other requirements imposed by these Reporting Guidelines or the Fair Work (Registered Organisations) Act 2009.

In our opinion, there were kept by the organisation satisfactory accounting records detailing the source and nature of all income and the nature of all expenditure.

As part of our audit of the organisation for the year ended 30 June 2017, we are of the opinion that the Committee of Management's use of the going concern basis of accounting in the preparation of its financial statements is appropriate.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Branch in accordance with the independence requirements of Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

We confirm that the independence declaration by the *Corporations Act 2001*, which has been given to the Committee of Management, would be in the same terms if given to the Committee as at the time of this auditor's report.

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

**INDEPENDENT AUDIT REPORT  
(Cont'd)**

***Committee of Management Responsibility for the Financial Report***

The Branch Committee of Management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Reporting Guidelines of the Commissioner, Registered Organisations Commission. This responsibility includes establishing and maintaining internal controls relevant to the preparation and true and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are responsible in the circumstances.

In preparing the financial report, the Committee of Management are responsible for assessing the 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 Committee of Management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch's financial reporting process.

***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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with 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 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 auditing 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 Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee 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 Branch'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 Branch to cease to continue as a going concern.

**INDEPENDENT AUDIT REPORT  
(Cont'd)**

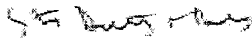
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Branch to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Branch audit. We remain solely responsible for our audit opinion.

We communicate with the Committee 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.


We also provide the Committee of Management 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 Committee of Management, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We can 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.



Stannards Accountants and Advisors



Michael Shulman  
Registered Company Auditor (163888)  
Holder of Current Public Practice Certificate  
Approved Auditor (FWC Act and Regulations – AA2017/45)

Dated: 9 August 2017



**CIVIL CONTRACTORS  
FEDERATION**

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**Certificate of Designated Officer**

S268 of Fair Work (Registered Organisations) Act 2009

I, Andrew Mahar being the **President** of the **Civil Contractors Federation, Victorian Branch** certify:

- that the documents lodged herewith are copies of the full report, referred to in S268 of the RO Act; and
- that the full report, was provided to members on 9<sup>th</sup> August 2017; and
- that the full report was presented to the General Meeting of Members of the reporting unit on 1<sup>st</sup> September 2017; in accordance with section 266 of the RO Act.

Signature

Andrew Mahar  
President

Date: 14<sup>th</sup> September 2017



8 August 2017

Mr John Kilgour  
Chief Executive Officer  
Civil Contractors Federation-Victorian Branch  
By Email: [jkilgour@ccfvic.com.au](mailto:jkilgour@ccfvic.com.au)

Dear Mr Kilgour,

**Re: Lodgement of Financial Report - [FR2017/216]  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Civil Contractors Federation-Victorian Branch (the reporting unit) ended on 30 June 2017. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

### **Loans Grants and Donations Statement**

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO act requires this statement to be lodged with Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2017.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

### **Financial report**

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2017 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

### **Auditor's report**

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find below a guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

## **REMINDER**

### **YOUR AUDITOR MUST BE REGISTERED (s.256)**

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

### **Contact**

Should you require any clarification in relation to the above, please email [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au).

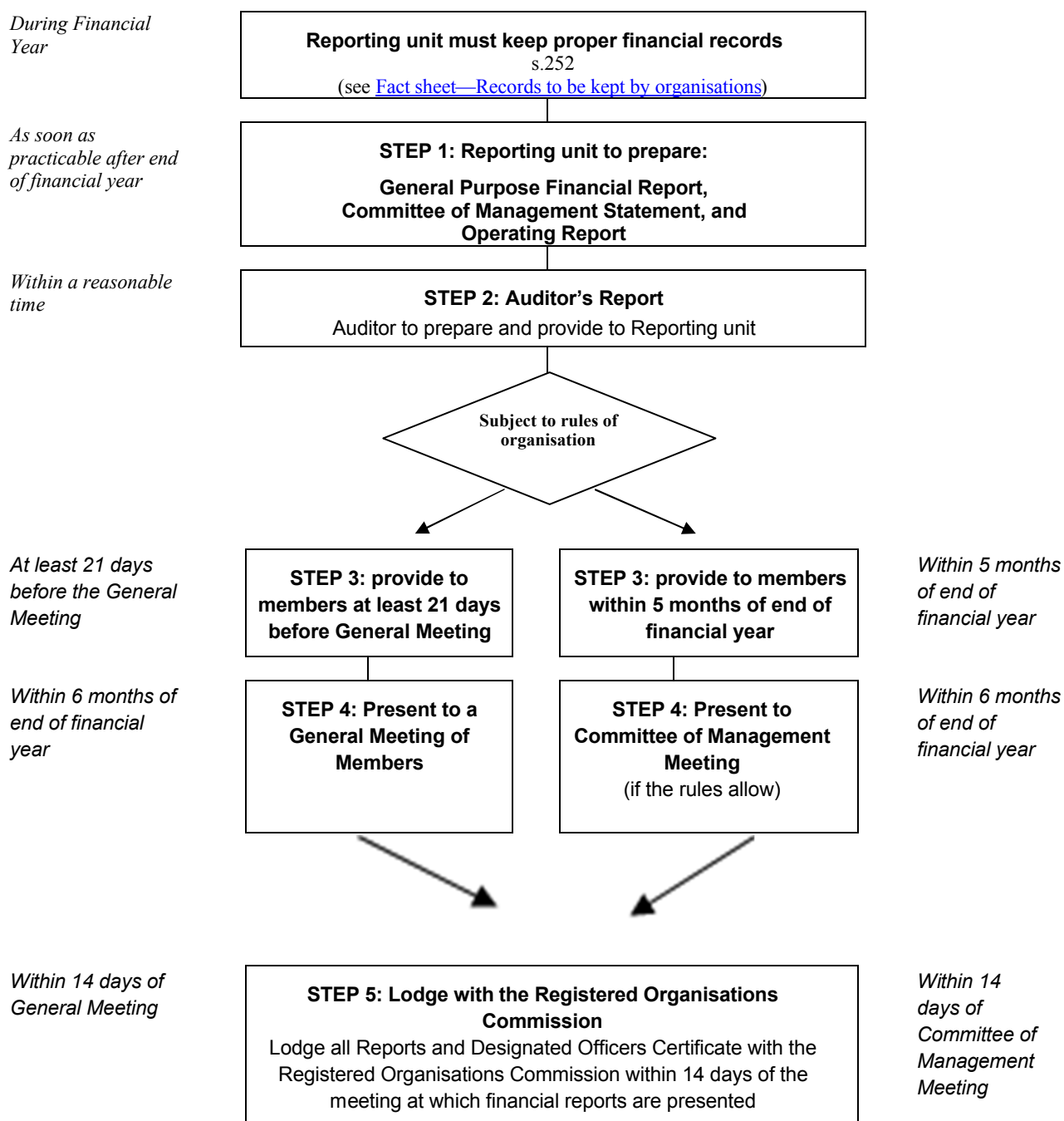
Yours faithfully,  
**Michael Moutevelis**  
**Registered Organisations Commission**



# Fact sheet

## Summary of financial reporting timelines – s.253 financial reports

See Fact sheet—Financial reporting for an explanation of each of these steps.





## Fact sheet

### Loans, Grants & Donations

#### The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

#### The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:





- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,\* and
- the arrangements for repaying the loan.\*

\*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.



The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

#### Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.



	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
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### Grants & Donations within the Financial Report

Item 16(e) of the Commissioner’s Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

#### Note 4E: Grants ~~OR~~ donations\*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
<b>Total grants or donations</b>	-	-

The Commissioner’s Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

### Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

### Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)



## **Guidance Note**

### **Illustrative Auditor's Report under section 257 of the *Fair Work (Registered Organisations) Act 2009***

Prepared and issued by the Registered Organisations Commission

<b>Version</b>	<b>Date published</b>
1	4 August 2017

## 1. Introduction

The purpose of this guidance note is to provide Registered Organisations with guidance on the revised Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700), as issued by the Auditing and Assurance Standards Board ('AUASB').

An 'Illustrative Auditor's Report' is included to assist Registered Organisations to understand the new auditing requirements.

## 2. Background to the revised Auditing Standard

From 15 December 2016, the structure of the Auditor's Report changed as a result of revisions made to the Australian Auditing Standards (ASAs). The changes impact all auditors' reports prepared in accordance with the ASAs.

The purpose of the change is to:

- enhance the communicative value of the Auditor's Report;
- give prominence to the most important matters by re-ordering the content;
- enhance reporting on going concern matters (if applicable), and provide enhanced descriptions of the respective responsibilities of management and the auditor, in relation to going concern;
- provide an affirmative statement on auditor's independence and fulfilment of relevant ethical responsibilities;
- provide more information to users on the auditor's responsibilities, and the key features of an audit and;
- provide details of other information the auditor has received at the date of the Auditor's Report, and is expected to receive after the date of the Auditor's Report<sup>1</sup>.

## 3. Key changes included in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Structure of the auditor's report	ASA 700.21-52	The form and structure of the audit report have been reorganised due to changes in the Australian Auditing Standards.
Basis for opinion	ASA 700.28c	Requires references in the audit report to the applicable ethical standards e.g. APES 110 <i>Code of Ethics for Professional Accountants</i> .
Other information	ASA 700.32 ASA 720	ASA 720 now requires that the auditor 'read and consider' if the Other Information (including but not limited to the Operating Report) is materially inconsistent with the financial statements, or the auditor's knowledge obtained in the audit.
Committee of Management's responsibilities for the preparation of the financial report	ASA 700.33-36	ASA 700.34b has been added to reflect changes made in ASA 570. The changes emphasise that it is management's responsibility for assessing whether the use of the going concern assumption is appropriate. The auditors' roles and responsibilities related to going concern have not changed.
Auditor's responsibilities for the audit of the financial report	ASA 700.37-40	These paragraphs have been expanded to clarify the detailed nature and scope of the auditor's existing responsibilities and procedures, and to make an explicit relationship of material misstatements to fraud or error.
Report on other legal and	ASA 700.43-45	This section is only applicable if there are other matters to report as required by other legislation.

<sup>1</sup> Adapted from 'Auditor Reporting FAQs' – Auditing and Assurance Standards Board - <http://www.auasb.gov.au/Publications/Auditor-Reporting-FAQs.aspx>

Description	Auditing standard ref.	Comments
regulatory requirements		<p>Under sections 257(6) and (7) of the <i>Fair Work (Registered Organisations) Act 2009</i> ('RO Act'), the auditor is required to report on any instances of non-compliance or deficiency or shortcoming with respect to financial record-keeping, and section 257(2) of the RO Act requires auditors to report on access restrictions to the financial records of the organisation.</p> <p>This section is not required if there are no matters to report.</p>

#### 4. Key changes not reflected in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Key Audit Matters	ASA 700.30-31, A41 ASA 701	<p>ASA 701 provides additional disclosures for entities listed on a securities exchange to communicate key audit matters ('KAMs') in the auditor's report. KAMs are those matters that, in the auditor's judgement, are of most significance to the audit of the financial statements of the current financial period.</p> <p>At this point in time, the ROC does not require the inclusion of KAMs.</p>

The numbered references in the Illustrative Auditor's Report refer to the explanatory paragraphs in section 5 of this Guidance Note 'Illustrative Auditor's Notes'. The Illustrative Auditor's Report is also included in the 'Model Financial Statements' published on the Registered Organisations Commission's website.

<To be printed on Auditor letterhead>

## Independent Audit Report to the Members of <name of Reporting Unit>

### Report on the Audit of the Financial Report

#### Opinion

I have audited the financial report of <name of Reporting Unit> (the Reporting Unit), which comprises the statement of financial position<sup>2</sup> as at <balance date>, the statement of comprehensive income<sup>3</sup>, statement of changes in equity<sup>4</sup> and statement of cash flows<sup>5</sup> for the year ended <date>, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management<sup>6</sup> Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of <name of Reporting Unit> as at <balance date>, and its financial performance and its cash flows for the year ended on that date 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).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Reporting Unit 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Information Other than the Financial Report and Auditor's Report Thereon<sup>7</sup>

The Committee 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.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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<sup>2</sup> Refer to paragraph 9 in Section 5 Illustrative Auditor's Report Notes in this Guidance Note

<sup>3</sup> Ibid paragraph 9

<sup>4</sup> Ibid paragraph 9

<sup>5</sup> Ibid paragraph 9

<sup>6</sup> Ibid paragraph 10; note if this is changed to another descriptor all other references in the Report should be changed to the other descriptor

<sup>7</sup> Ibid paragraph 7

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

### **Responsibilities of Committee of Management for the Financial Report**

The Committee of Management of the Reporting Unit is 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 Committee 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 Committee of Management is responsible for assessing the Reporting Unit'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 Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee 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 Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit 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.

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

I communicate with the Committee 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 I identify during my audit.

I declare that I am an approved auditor, a member of [name of appropriate professional accounting body] and hold a current Public Practice Certificate.

## **[Report on Other Legal and Regulatory Requirements]<sup>8</sup>**

[In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

My opinion on the financial report is not modified in respect of the following matter(s) because, in my opinion, it has been appropriately addressed by [Reporting Unit] and is not considered material in the context of the audit of the financial report as a whole:

[Example:

a) [Reporting Unit] failed to keep [name of other record] as required by section 252 of the RO Act for the period 1 July 20XX to 4 July 20XX inclusive.]]

## **[Report on the Recovery of Wages Activity financial report]<sup>9</sup>**

### **Opinion on the recovery of wages activity financial report**

The scope of my work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended <date>.

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- (a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- (b) any donations or other contributions deducted from recovered money.

### **Responsibilities**

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. My responsibility is to express an opinion on the recovery of wages activity financial report, based on my audit conducted in accordance with Australian Auditing Standards.

<Audit Firm Name>

<Name>

Partner

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<sup>8</sup> Ibid paragraph 11

<sup>9</sup> Ibid paragraph 11

<City>  
<Date>

Registration number (as registered by the RO Commissioner under the RO Act)<sup>10</sup>: <insert number>

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<sup>10</sup> Ibid paragraph 12



## 5. Illustrative Auditor's Report Notes

For the purpose of this illustrative Auditor's Report, the following circumstances are assumed:

1. The financial report is prepared by management of the Reporting Unit in accordance with Australian Accounting Standards and the RO Act.
2. The terms of the audit engagement reflect the description of management's responsibility for the financial report in *ASA 210 Agreeing the Terms of Audit Engagements*.
3. The auditor has concluded an unmodified opinion is appropriate based on the audit evidence obtained.
4. The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
5. Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with *ASA 570 Going Concern*.
6. The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with *ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report*.
7. The section on 'Information Other than the Financial Report and Auditor's Report Thereon' is customised depending on the nature of the Other Information received and when this information was received. The template provided assumes that the nature of the Other Information is the Operating Report and that it was received on or before the date of the audit report. If there is Other Information that accompanies the financial report in addition to the Operating Report, or if the Operating Report or any additional Other Information was not received on or before the date of the audit report, please refer to the requirements stated in *ASA 720 The Auditor's Responsibilities Relating to Other Information* for example wording.
8. The subheading 'Report on Other Legal and Regulatory Requirements' is only applicable where the auditor includes 'Other reporting responsibilities' in accordance with *ASA 700 Forming an Opinion and Reporting on a Financial Report*. Please delete the 'Report on Other Legal and Regulatory Requirements' section if there is no deficiency, failure or shortcoming to report.
9. Please ensure that the financial statement descriptions used in the Auditor's Report agree with those used in the financial report, for example, 'balance sheet' or 'statement of financial position'.
10. Use of 'Committee of Management' in the model auditor's report represents those charged with governance for the registered organisation, and can be replaced with other descriptors as appropriate for the organisation, for example, 'Council of Management', 'Executive Committee', etc.
11. If the Registered Organisation has not undertaken any recovery of wages activity during the reporting period the auditor's report should state that fact with reference

to the Committee of Management Statement, and no opinion can be provided in relation to recovery of wages activity.

12. Auditors must be registered by the Registered Organisations Commissioner. Your registration number under the RO Act will commence with the letters 'AA'.

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This guidance note is not intended to be comprehensive. It is designed to assist with making an application to the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.