



25 September 2015

Mr Aaron Cartledge
Divisional Branch Secretary
Construction, Forestry, Mining and Energy Union, Construction and General Division
South Australia Divisional Branch
Level 1, 32 South Terrace
Adelaide SA 5000

By e-mail: acartledge@sa.cfmeu.asn.au

Dear Mr Cartledge

**Construction, Forestry, Mining and Energy Union, Construction and General Division,
South Australia Divisional Branch
Financial Report for the year ended 31 December 2014 - FR2014/383**

I acknowledge receipt of the amended financial report for the year ended 31 December 2014 for the Construction, Forestry, Mining and Energy Union, Construction and General Division, South Australia Divisional Branch (CFMEU-CSA). The financial report was lodged with the Fair Work Commission (FWC) on 22 September 2015.

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

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7675 or by email at ken.morgan@fwc.gov.au

Yours sincerely

Ken Morgan
Financial Reporting Advisor
Regulatory Compliance Branch

CFMEU

SOUTH AUSTRALIA

CFMEU SA
Level 1, 32 South Terrace
Adelaide 5000
Ph 08 8231 5532
Fax 08 8231 3822
cfmeu.asn.au/branch/sa
ADN: 71 560 759 083



Fair Work Australia
Level 8, Terrace Tower
80 William Street
East Sydney 2011

17th September 2015

Re: Financial Statements and Accounts

Dear Sir/Madam,

Please find enclosed 2014 Audited Accounts for the

CFMEU Construction & General Division SA Branch
& Designated Officer's Certificate (Section 268)

Yours faithfully,

Jan Schultz
Administration

Construction, Forestry, Mining and Energy Union

**(Construction and General Division
South Australian Branch)**

FOR THE YEAR ENDED 31 DECEMBER 2014

Fair Work (Registered Organisations) Act 2009

Section 268

DESIGNATED OFFICER'S CERTIFICATE

I, Aaron Cartledge, being the Secretary of the Construction Forestry Mining & Energy Union, Construction & General Division, South Australian Branch, certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the Fair Work (Registered Organisations) Act 2009, and
- that the full report was provided to members on the 12th August 2015, and
- that the full report was presented to a meeting of the Divisional Branch Management Committee of the reporting unit on the 16th September 2015, in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



Divisional Branch Secretary
CFMEU
Construction & General Division
South Australian Branch

17th September 2015

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH ABN 71 560 759 083

FINANCIAL REPORT FOR THE
YEAR ENDED 31ST DECEMBER 2014

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Prepared by:

Major, May & Associates
Chartered Accountants

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**CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION - SA BRANCH
ABN 71 560 759 083**

OPERATING REPORT FOR THE YEAR ENDED 31ST DECEMBER 2014

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009, the Committee presents its report on the operations for the year ended 31st December 2014.

Principal Activities

CFMEU, Construction & General Division – SA Branch (“the Union”) is committed to advancing the wages, conditions and well-being of its membership.

The Union’s principal activities during the year were:

- Joining up new members.
- Representation of members and others on the job.
- Union-negotiated collective agreements.
- Assisting members with legal representation.
- Facilitating access to training courses.
- Keeping members informed via meetings and newsletters.
- Sale of products to union members.
- Representing members and other workers through Tri-partite and Bi-partite key Government and Industry Committees.
- Pursuing the objectives of the organisation as prescribed by Rule 4, Objects of the CFMEU.

The Operating Loss of the Union for the year ended 31st December 2014 was \$298,335 (2013 Operating Profit \$58,566).

Financial Affairs

There were no significant changes to the Union’s financial affairs during the year.

Members’ Rights to Resign

Members have the right to resign from the Union in accordance with section 174 of the Fair Work (Registered Organisations) Act 2009 and Rule 11 of the Federal Rules.

Superannuation Fund Trustees

The officers and members listed below were trustees or directors of a trustee company of a Superannuation Fund as a consequence of their position with the Union:

- Nil

Number of Members

The number of members at the end of the financial year recorded in the register of members and taken to be members of the Union was 3,236 (2013: 3,398).

**CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION - SA BRANCH
ABN 71 560 759 083**

OPERATING REPORT FOR THE YEAR ENDED 31ST DECEMBER 2014 (CONT.)

Number of Employees

The number of full-time equivalent employees of the Union at the end of the financial year was 4.

The two highest paid employees were:

- Aaron Cartledge \$104,611
- Darren Roberts \$110,682

These figures include Superannuation and BIRST payments.

The only non-cash benefits received by these two employees were the use of two Union-owned motor vehicles, which were both subject to the usual Fringe Benefits Tax.

Committee of Management

The members of the Committee of Management at any time during the financial year were as follows:

David Bolton	Aaron Cartledge	Jason Clark
Mark Gava	Scott Jeffs	Michael McDermott
Mark McEwen	Jack Merkx	John Nelson
Gregory O'Donohoe	Andrew Penny	Tony Priddle
Darren Roberts	David Sahlberg	Derek Stapleton

All appointments were for the Period 1st January 2014 – 31st December 2014

Signed on behalf of the Committee of Management by:

.....
Aaron Cartledge
Secretary,
CFMEU,
Construction and General Division, SA Branch

Date: 12th August 2015

**CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION - SA BRANCH
ABN 71 560 759 083**


COMMITTEE OF MANAGEMENT STATEMENT

On the 12th August 2015, the Committee of Management (COM) of the Union passed the following resolution in relation to the general purpose financial report (GPFR) of the Union for the year ended 31st December 2014.

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

- (a) the financial report and notes comply with applicable Australian Accounting Standards;
- (b) the financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial year ended 31st December 2014;
- (d) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year ended 31st December 2014 and since the end of the financial year:
 - (i) meetings of the COM were held in accordance with the rules of the organisation and the rules of the COM;
 - (ii) the financial affairs of the Union have been managed in accordance with the rules of the organisation and the rules of the Union;
 - (iii) the financial records of the Union 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 financial records of the Union have been kept, as far as practicable, in a consistent manner to each of the other branches of the organisation;
 - (v) no information has been sought in any request of a member of the Union or a Registrar under section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - (vi) no orders have been made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) No revenue has been derived from undertaking recovery of wages activity during the financial year.

For the Committee of Management


.....
Aaron Cartledge
Secretary,
CFMEU,
Construction and General Division, SA Branch

Date: 12th August 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH

FOR THE YEAR ENDED 31ST DECEMBER 2014



Report on the Financial Report

We have audited the Committee of Management Statement and Financial Report, being the Balance Sheet, Statement of Accumulated Funds, Income Statement, Statement of Cash Flows and Notes to and Forming Part of the Accounts, of the Construction, Forestry, Mining & Energy Union, Construction & General Division, South Australian Branch, for the year ended 31st December 2014.

Committee's Responsibility for the Financial Report

The Committee of Management is responsible for the preparation and fair presentation of the Financial Report and has determined that the accounting policies described in Note 1 to the Financial Report, which form part of the Financial Report, are consistent with the financial reporting requirements of the Fair Work (Registered Organisations) Act 2009, and are appropriate to meet the needs of the members. The Committee's responsibilities also include establishing and maintaining internal controls relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the Financial Report.

The Financial Report has been prepared for distribution to members for the purpose of fulfilling the Committee's financial reporting obligations under the Fair Work (Registered Organisations) Act 2009. We disclaim any assumption of responsibility for any reliance on this report or on the Financial Report to which it relates to any person other than the members, or for any other purpose other than that for which it was prepared.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH (CONT.)

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional accounting bodies.

Audit Opinion

- (1) There were kept by the Branch in respect of the year ended 31st December 2014, satisfactory accounting records detailing the sources and nature of the Income of the Branch (including Income from Members) and the nature and the purposes of Expenditure.
- (2) The attached Financial Report and Statements are properly drawn up:-
 - (a) in accordance with the Fair Work (Registered Organisations) Act 2009,
 - (b) so as to give a true and fair view of:
 - (i) the state of affairs of the Branch as at 31st December 2014; and
 - (ii) the Income and Expenditure and Deficit of the Branch for the year ended on that date;
 - (c) in accordance with applicable Accounting Standards; and
 - (d) so as to comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Act.
- (3) We received from the Officers and Employees of the Branch all the information and explanations that we required for the purposes of our audit.
- (4) We have concluded that management's use of the going concern basis of accounting in the preparation of this Financial Report is appropriate.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 in the Financial Report, which describes the basis of accounting. The Financial Report has been prepared to assist the Branch to meet the requirements of the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009.

Signed at Adelaide this 12th day of August 2015
MAJOR, MAY & ASSOCIATES
Chartered Accountants



ANDREW MAY, ACA, BA (Acc)
Registered Company Auditor
Partner

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

BALANCE SHEET as at 31st December 2014

	Note	2014 \$	2013 \$
EQUITY			
Accumulated Surplus		655,728	954,063
Trust Account		1,284	1,284
Leigh Creek Levy Fund		21,474	22,048
Port Pirie Welfare Fund		24,422	24,422
		<hr/>	<hr/>
TOTAL FUNDS		\$702,908	\$1,001,817
		<hr/>	<hr/>
These funds are represented by:-			
CURRENT ASSETS			
Petty Cash		500	500
Cash at Bank	5	449,783	829,609
Trade & Other Debtors	6	63,559	16,500
Prepayments		122,588	95,788
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		636,430	942,397
		<hr/>	<hr/>
CURRENT LIABILITIES			
Sundry Creditors & Accruals		61,594	184,447
Income Received in Advance		264,535	164,383
Loan from Federal Office		-	44,750
Leave Provisions	12	57,070	59,830
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		383,199	453,410
		<hr/>	<hr/>
NET WORKING CAPITAL		\$253,231	\$488,987
		<hr/>	<hr/>
NON CURRENT ASSETS			
Loan to ABCWF		422,907	484,280
Fixed Assets	7	26,770	28,550
		<hr/>	<hr/>
TOTAL NON CURRENT ASSETS		449,677	512,830
		<hr/>	<hr/>
NET ASSETS		\$702,908	\$1,001,817
		<hr/>	<hr/>
Contingent Liabilities	8		

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

STATEMENT OF ACCUMULATED FUNDS For the year ended 31st December 2014

	2014 \$	2013 \$
Total Surplus/(Deficit)	(298,335)	58,566
Add Accumulated Surplus at the beginning of the Year	954,063	895,498
ACCUMULATED SURPLUS AT THE END OF THE YEAR	<u>\$655,728</u>	<u>\$954,063</u>

STATEMENT OF CHANGES IN EQUITY For the year ended 31st December 2014

	Retained Earnings \$	Total \$
Balance as at 31 st December 2012	944,016	944,016
Add Surplus for the year ended 31 st December 2013	58,566	58,566
Add Movement in Levy Funds	(765)	(765)
Balance as at 31 st December 2013	<u>1,001,817</u>	<u>1,001,817</u>
Less Deficit for the year ended 31 st December 2014	(298,335)	(298,335)
Add Movement in Levy Funds	(574)	(574)
Balance as at 31 st December 2014	<u>\$702,908</u>	<u>\$702,908</u>

To be read in conjunction with the Notes to the Financial Report.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

INCOME STATEMENT For the year ended 31st December 2014

	Note	2014 \$	2013 \$
INCOME			
Members' Contributions		1,389,329	1,320,089
Meeting Attendance & Board Fees		60,061	41,057
Healthy Workers Healthy Future Net Funding		30,855	30,085
Interest Received		13,945	15,836
BIRST Distribution		303,593	286,605
SafeWork SA Net Funding		119,741	128,881
Advertising Income		82,541	84,091
Assistance Fund Income		-	5,529
Compliance Officer Funding		40,000	-
Sundry Income		1,493	797
		2,041,558	1,912,970
LESS EXPENDITURE			
Accounting		2,220	1,650
Advertising		165	2,072
Audit		5,680	6,290
Bank Charges & Credit Card Fees		13,583	11,018
Barbecue Costs		2,537	-
Building Industry Redundancy Scheme		8,160	5,040
Cleaning		6,761	6,062
Computer Expenses		1,807	2,208
Conferences & Training		12,213	15,152
Depreciation		12,984	9,157
Donations		15,300	10,700
Emergency Transport		103,764	86,174
Entertainment & Public Relations		4,305	4,306
Fringe Benefits Tax		(4,955)	9,343
Insurance (General, Members & Income Protection)		215,225	211,050
Internet Connection Fees		9,152	7,255
Legal & Industrial Expenses	8	278,840	4,971
Levies		9,288	-
Light & Power		16,485	15,379
Motor Vehicle Expenses		87,516	86,934
Office Expenses		13,057	13,697
Papers & Publications		1,770	1,749
Photocopier Rental		10,526	9,384
Port Pirie Social Club		1,140	1,304
Postage & Contract Mailing		16,874	10,908
Printing & Stationery		23,478	21,617
Promotional Items		20,104	20,234

To be read in conjunction with the Notes to the Financial Reports.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

INCOME STATEMENT For the year ended 31st December 2014 (continued)

	Note	2014 \$	2013 \$
Rent		95,000	95,000
Repairs & Maintenance		2,432	1,919
Service Fees & Consulting Charges	2	831,485	720,584
Subscriptions		3,196	659
Sundry Expenses		729	1,269
Sustentation & Capitation Fees		158,189	160,517
Telephone		29,990	30,775
Travel & Accommodation		79,316	46,021
Employment Expenses – Office Holders			
Salaries & Allowances		182,114	162,626
Superannuation		27,236	24,394
Separation & Redundancies		-	-
Workcover		3,765	3,001
Payroll Tax		10,087	11,330
Provisions for Annual & Long Service Leave		11,467	22,655
Total Employment Expenses – Office Holders		<u>234,669</u>	<u>224,006</u>
Employment Expenses – Employees Other than Office Holders			
Salaries & Allowances		47,191	-
Superannuation		9,702	-
Separation & Redundancies		-	-
Workcover		1,096	-
Payroll Tax		3,669	-
Total Employment Expenses – Employees other than Office Holders		<u>61,658</u>	<u>-</u>
 Total Employment Expenses		 <u>296,327</u>	 <u>224,006</u>
 TOTAL EXPENDITURE		 <u>2,384,643</u>	 <u>1,854,404</u>
 TOTAL OPERATING SURPLUS/(DEFICIT)		 <u>(\$343,085)</u>	 <u>\$58,566</u>
 Add Forgiveness of Loan from National Office		 44,750	 -
 TOTAL SURPLUS/(DEFICIT)		 <u>(\$298,335)</u>	 <u>\$58,566</u>

To be read in conjunction with the Notes to the Financial Report.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

STATEMENT OF CASH FLOWS For the year ended 31st December, 2014

	Note	2014 \$	2013 \$
CASH FROM OPERATING ACTIVITIES			
Members' Contributions		1,440,229	1,320,089
Payments to Suppliers, Employees & ATO		(2,187,241)	(1,771,100)
Legal Fees and Fines		(278,840)	-
Grant Received from SafeWork SA		135,000	135,000
Distribution Received from BIRST		303,593	288,605
Advertising Income		82,541	84,091
Meeting Attendances and Board Fees		60,061	41,057
Project Income Received		186,821	273,674
Project Income Expended		(131,225)	(114,153)
Other Income		6,493	6,326
Interest Received		13,945	15,836
NET CASH GENERATED/(USED) BY OPERATING ACTIVITIES	14	<u>(368,623)</u>	<u>279,425</u>
CASH FROM INVESTING ACTIVITIES			
Payment for Plant & Equipment		(11,203)	(16,244)
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES		<u>(11,203)</u>	<u>(16,244)</u>
NET INCREASE/(DECREASE) IN CASH HELD		(379,826)	263,181
Cash at Beginning of Year	13	<u>830,109</u>	<u>566,928</u>
CASH AT END OF YEAR	13	<u>\$450,283</u>	<u>\$830,109</u>

To be read in conjunction with the Notes to the Financial Report.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 31st December, 2014

Note 1. Summary of Significant Accounting Policies

This General Purpose Financial Report (GPRF) is prepared in accordance with the Accounting Standards jointly issued by the Australian Professional Accounting Bodies, and in accordance with Section 253 of the Fair Work (Registered Organisations) Act 2009. The Union is a not-for-profit entity for the purposes of Australian Accounting Standard AASB 1054.

(a) Basis of Preparation

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, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Depreciation

Provision is made for depreciation of Fixed Assets at rates considered appropriate to the useful lives of such assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) Employee Benefits

Provisions for Employee Benefits, in the form of Accrued Annual and Long Service Leave, have been made based on the estimated accrued entitlements of all employees on the basis of their terms of employment.

(d) Revenue Recognition

In past years, revenue derived from Member Contributions has been reported on a cash basis. Following a directive from the National Office to all Branches, and in keeping with the relevant reporting requirements, this figure is now being reported on an accruals basis, for the year ended 31st December 2014 and subsequent years. This means that Subscriptions in Arrears at reporting date are recognised as Debtors, with an appropriate Provision for those Subscriptions which may not be collected, and Subscriptions Received in Advance at the reporting date are reported as Income Received in Advance for the appropriate period. No corresponding adjustments have been made to comparative amounts, as the adjustments required are considered not to be material.

(e) Taxation

The Union is exempt from income tax under Section 50.1 of the Income Tax Assessment Act 1997, but still has obligations for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

(f) Events Occurring after Balance Date

There were no events that occurred after 31st December 2014, or prior to the signing of the financial report, that would affect the ongoing structure and financial activities of the Union.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 31st December, 2014

Note 1. Summary of Significant Accounting Policies (cont.)

(g) Going Concern

This GPFR has been prepared on a going concern basis.

(h) Financial Instruments

Financial assets and financial liabilities are recognized when the Union becomes a party to the contractual provisions of the instrument. The Union is not a party to any such financial instruments, other than a loan to the ABCWF to help facilitate the purchase of a property at 32 South Terrace Adelaide, and a Rental Agreement with the ABCWF, which is effectively an Operating Lease, whereby the Union occupies the first floor of the property at 32 South Terrace.

(i) Fair Value Measurement

The Union measures financial instruments at fair value each balance sheet date. The only financial instruments owned by the Union to which this applies are the Office Furniture and Equipment owned by the Union, which is measured at fair value by virtue of the appropriate rates of depreciation being applied to each asset.

(j) Leases

Leases of fixed assets are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The only Union's only lease is an operating lease relating to the rental of the premises at 32 South Terrace, Adelaide. This is currently an annual lease. A long term Lease Agreement is being prepared.

(k) Revenue Recognition

In past years, revenue derived from Member Contributions has been reported on a cash basis. Following a directive from the National Office to all Branches, and in keeping with the relevant reporting requirements, this figure is now being reported on an accruals basis, for the year ended 31st December 2014 and subsequent years. This means that Subscriptions in Arrears at reporting date are recognised as Debtors, with an appropriate Provision for those Subscriptions which may not be collected, and Subscriptions Received in Advance at the reporting date are reported as Income Received in Advance for the appropriate period. No corresponding adjustments have been made to comparative amounts, as the adjustments required are considered not to be material.

(l) Income Tax & GST

The Union is exempt from income tax under Section 50.1 of the Income Tax Assessment Act 1997, but still has obligations for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 31st December, 2014

Note 1. Summary of Significant Accounting Policies (cont.)

(m) Events Occurring after Balance Date

There were no events that occurred after 31st December 2014, or prior to the signing of the financial report, that would affect the ongoing structure and financial activities of the Union.

(n) Impairment of Assets

At each reporting date, the Union reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to that asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

(o) Capitation Fees and Levies

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

(p) Critical Accounting Estimates and Judgements

The Committee of Management evaluates estimates and judgements 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 Union.

Note 2. Service Fees and Consulting Charges

Staff employed by the Australian Building & Construction Workers' Federation are utilised in the ongoing operations of the CFMEU, Construction & General Division, and a "Service Fee" is charged accordingly.

Note 3. Information to be provided to Members or Registrar

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of Members is drawn to the provisions of Section 272, which read as follows:-

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

CONSTRUCTION, FORESTRY, MINING & ENERGY UNION

CONSTRUCTION & GENERAL DIVISION SOUTH AUSTRALIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2014

Note 4.	Sustentation Fees	2014 \$	2013 \$
	C.F.M.E.U. - Federal Office	141,519	144,049
	SA Unions	16,670	16,467
		\$158,189	\$160,516
		\$158,189	\$160,516
Note 5.	Cash at Bank		
	<u>Commonwealth Bank</u>		
	Cheque Account	44,746	206,333
	Trust Account	4,454	4,454
	Business Online Saver	357,221	574,884
	Port Pirie Bank Accounts	23,846	24,422
	Leigh Creek Bank Account	19,516	19,515
		\$ 449,783	\$ 829,609
	TOTAL CASH AT BANK	\$ 449,783	\$ 829,609
Note 6.	Trade & Other Debtors	2014 \$	2013 \$
	Trade & Other Debtors (including Membership Subscriptions Receivable)	413,824	
	Less Provision for Doubtful Debts	(350,265)	
		\$63,559	
	TOTAL TRADE & OTHER DEBTORS	\$63,559	
	Also see Note 1(d)		

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	2014 \$	2013 \$
Note 7. Fixed Assets		
Office Furniture & Equipment at Cost	108,777	97,574
Less Accumulated Depreciation	(82,007)	(69,024)
	<u>26,770</u>	<u>28,550</u>
TOTAL FIXED ASSETS	<u>\$26,770</u>	<u>\$28,550</u>
Movements in Carrying Amounts	Office Furniture	Total
Carrying Amount at the Beginning of the Period	28,550	28,550
Additions	11,204	11,204
Disposals	-	-
Depreciation Expense	(12,984)	(12,984)
Depreciation Writeback	-	-
	<u>26,770</u>	<u>26,770</u>

Note 8. Contingent Liabilities and Legal Fees

There are several ongoing Court and Legal matters at the date of this Report which may result in significant legal costs or fines and penalties, additional to the substantial abnormal amount already disclosed in this Report. It is the Committee's understanding that if the Branch cannot meet any such additional costs, they will be borne by the National Office. Any such additional costs will be included in subsequent financial reports as they become due and payable.

The Legal Costs of \$278,840 included in the Income Statement for the year ended 31st December 2014 is an abnormal result, and was incurred mainly through legal costs brought on by the Fair Work Building Commission (FWBC).

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Note 9. Compensation Paid to all Key Management Personnel

The Union employs two Key Management Personnel, being Aaron Cartledge (Secretary) and Darren Roberts (Assistant Secretary). The total amount paid to Key Management Personnel was \$215,293. The only non-cash benefit paid to each was the use of a Motor Vehicle owned by an associated Union. Totals for each of the categories requiring disclosure were:

	2014	2013
	\$	\$
Short Term Employee Benefits	182,114	162,626
Post-Employment Benefits	27,236	24,394
Other Long Term Employee Benefits	6,480	4,840
Termination Benefits	-	-
Any Share Based Payments	-	-
	<hr/>	<hr/>
TOTAL PAID	\$215,293	\$191,860
	<hr/>	<hr/>

Note 10. Related Party Transactions

There are two related parties with whom the Union transacted during the year, being the CFMEU Construction & General Division National Office (C&GNO) and the Australian Building & Construction Workers' Federation (ABCWF). All transactions were undertaken in the ordinary course of carrying out the Union's business.

	2014	2013
	\$	\$
C&GNO		
Received in respect of Airfare Reimbursements	6,098	
Received in respect of Donations Reimbursed	5,000	
Received in respect of Union Shopper	5,000	
Paid in respect of Capitation Fees	141,519	144,049
ABCWF		
Paid in respect of Rent	95,000	95,000
Paid in respect of Service Fees (Note 2)	831,485	720,584

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Note 11. **Audit and Accounting Fees**

Amounts paid to the Auditors are disclosed in the Income Statement as Audit Fees and Accounting Fees. Further breakdown of these fees is as follows:

	2014	2013
	\$	\$
Audit Fees	5,680	6,290
Accounting Fees	1,580	1,010
Fringe Benefits Tax Return Preparation	640	640
Other	-	-
	7,900	7,940

Note 12. **Leave Provisions**

Opening Balance at 1 st January 2014	59,830	48,380
Net Provision Movement During the Year	(2,760)	11,450
	\$57,070	\$59,830
Employee Benefit Provisions attributable to:		
Office Holders		
Annual Leave	16,490	20,116
Long Service Leave	39,300	35,454
Separation & Redundancies	-	-
Other	-	-
	\$55,790	\$55,570
Employees other than Office Holders		
Annual Leave	(2,170)	2,444
Long Service Leave	3,450	1,816
Separation & Redundancies	-	-
Other	-	-
	\$1,280	\$4,260

Provisions for Employee Benefits

A Provision has been recognised for employee entitlements relating to Long Service Leave. In calculating the present value of future cash flows in respect of Long Service Leave, the probability of Long Service Leave being taken is based upon historical data.

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Note 13. Reconciliation of Cash

For the purpose of the Statement of Cash Flows, Cash includes Cash on Hand, and in At Call Deposits with Banks or Financial Institutions, net of Bank Overdrafts.

	2014	2013
	\$	\$
Cash at Bank	449,783	829,609
Cash on Hand	500	500
	<u>\$450,283</u>	<u>\$830,109</u>

Note 14. Reconciliation of Cash Flow from Operations with Net Surplus/(Deficit)

	2014	2013
	\$	\$
Net Surplus/(Deficit)	(298,335)	58,566
Non Cash Flows in Net Surplus/(Deficit)		
Depreciation	12,984	9,157
Employee Leave Provisions	(3,335)	11,575
Forgiveness of Loan from National Office	(44,750)	-
Changes in Assets and Liabilities		
(Increase)/Decrease in Receivables	14,314	51,306
(Increase)/Decrease in Prepayments	(26,800)	(1,383)
Increase/(Decrease) in Creditors	(122,853)	148,579
Increase/(Decrease) in Income Received in Advance	100,152	1,625
CASH FLOWS PROVIDED/(USED) BY OPERATIONS	<u>(\$368,623)</u>	<u>\$279,425</u>

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Note 15. Financial Risk Management

The Union's financial instruments consist mainly of bank deposits, accounts receivable and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2014 \$	2013 \$
Financial Assets			
Cash and cash equivalents	5	449,783	829,609
Trade Debtors		63,559	16,500
		<u>513,342</u>	<u>846,109</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables		61,594	184,447
		<u>61,594</u>	<u>184,447</u>

Specific Financial Risk Exposures and Management

The main risks the Union is exposed to through its financial statements are interest rate risk and liquidity risk.

a. Interest rate risk

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

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For the year ended 31st December, 2014

Note 15. Financial Risk Management (cont.)

b. Liquidity risk

Liquidity risk arises from the possibility that the union might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The union manages this risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets; and
- Investing only surplus cash with major financial institutions.

The tables below reflect an undiscounted contractual maturity analysis of financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realization. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Note	Within 1 year		1 to 5 years		Total contractual cash flow	
		2014	2013	2014	2013	2014	2013
		\$	\$	\$	\$	\$	\$
Financial liabilities due for payment							
Trade & other payables (excluding estimated annual leave & deferred income)		61,594	184,447	-	-	61,594	184,447
Borrowings		-	-	-	-	-	-
Total expected outflows		61,594	184,447	-	-	61,594	184,447
Financial assets – cash flows realizable							
Cash & cash equivalents	5	449,783	829,609	-	-	449,783	829,609
Trade receivables		63,559	16,500	-	-	63,559	16,500
Total expected inflows		513,342	846,109	-	-	513,342	846,109
Total Net Inflows/(Outflows)		451,748	661,662	-	-	451,748	661,662

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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Note 15. Financial Risk Management (cont.)

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Union. Most of these instruments which are carried at amortised cost are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Union.

	Footnote	2014		2013	
		Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
Financial assets					
Cash & cash equivalents	(i)	450,283	450,283	830,109	830,109
Trade & other receivables	(i)	63,559	63,559	16,500	16,500
Loans receivable	(i)	422,907	422,907	484,280	484,280
Total financial assets		936,749	936,749	1,330,889	1,330,889
Financial liabilities					
Trade & other payables	(i)	61,594	61,594	184,447	184,447
Loans payable	(i)	-	-	44,750	44,750
Total financial liabilities		61,594	61,594	229,197	229,197

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided relating to annual leave and deferred income, which are not considered a financial instrument.
- (ii) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair values of fixed rate lease liability will differ to the carrying values.

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Note 16. Capital Management

The Committee of Management controls the capital of the union to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximized. The Committee of Management ensures that the overall risk management strategy is in line with this objective.

Union Management operates under policies approved by the Committee of Management. Risk management policies are approved and reviewed by the Committee on a regular basis. These include credit risk policies and future cash flow requirements.

There have been no changes to the strategy adopted by Management to control the capital of the union since previous year.

Note 17. Fair Value Measurements

The Union measures and recognises Fixed Assets at fair value on a recurring basis after initial recognition.

The Union 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 according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

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.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 31st December, 2014

Note 17. Fair Value Measurements (cont.)

(b) Disclosed fair value measurements

The following assets and liabilities are measured at fair value in the statement of financial position, and their fair values are disclosed in the notes:

- Accounts receivable and other debtors
- Accounts payable and other payables

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 technique(s) and inputs used:

Description	Note	Fair value hierarchy level	Valuation technique(s)	Inputs used
Accounts receivable and other debtors	6	3	Amortised cost	Invoices and contracts
Accounts payable and other payables		3	Amortised cost	Invoices and contracts

Note 18. General Disclosures

Pursuant to the reporting guidelines of Section 253 of the Fair Work (Registered Organisations) Act 2009 the Union notes that:

- 1) The reporting entity is not reliant on an agreed financial support of another reporting unit;
- 2) The reporting entity has not agreed to provide financial support to another reporting unit, other than a Loan to the ABCWF in respect of the purchase of the building occupied by the Union;
- 3) The reporting unit has not acquired an asset or a liability during the year as a result of an amalgamation, or other restructure or business combination;
- 4) The reporting unit has not received any capitation fees from another reporting unit;
- 5) The reporting unit has not raised funds from members or as an appeal for voluntary contributions from members during the year, and no compulsory levies have been imposed on the reporting unit;
- 6) The reporting unit is not in receipt of financial support from another reporting unit;
- 7) The reporting unit has not incurred expenses as consideration for employers making payroll deductions of membership subscriptions.

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SOUTH AUSTRALIAN BRANCH**

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Note 19.

Additional Disclosures per Reporting Guidelines

	2014	2013
	\$	\$
Donations Received	-	-
Grants Received	-	-
Affiliation Fees Paid – See Note 4		
Total Grants Paid	-	-
Total of Donations <\$1,000	300	700
Total of Donations >\$1,000	15,000	10,000
Legal Costs in respect of:		
- Litigation	104,393	-
- Other Matters	4,027	4,971
- Penalties Under RO Act	170,420	-
Amount Receivable from CFMEU Federal Office	2,984	-
Amount Payable to CFMEU Federal Office	5,508	17,687
Amounts Payable in respect of Legal Costs – See Note 8		
Total Amount Paid to Other Reporting Units (including Sustentation Fees)	206,454	153,825
Total Amount Received from Other Reporting Units	11,848	11,771
Allowances Paid to Officers to Attend Meetings as a Representative of the Union	4,445	4,275

**MAJOR, MAY
& ASSOCIATES**
CHARTERED ACCOUNTANTS

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TIM MAJOR
ANDREW MAY



**AUDITOR'S INDEPENDENCE DECLARATION
TO THE MEMBERS OF
CONSTRUCTION, FORESTRY,
MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION
SOUTH AUSTRALIAN BRANCH**

In accordance with the requirements of Section 307C of the Corporations Act 2001, as lead auditor for the audit of the Branch for the year ended 31st December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

Signed at Adelaide, South Australia,
this 12th day of August 2015

MAJOR, MAY & ASSOCIATES
Chartered Accountants

ANDREW MAY
Partner
Registered Company Auditor