



11 August 2017

Mr Michael O'Connor
National Secretary
Construction, Forestry, Mining and Energy Union

By e-mail: notices@cfmeunat.org
c.c. avickerman@cfmeu.org

Dear Mr O'Connor

Construction, Forestry, Mining and Energy Union
Financial Report for the year ended 31 December 2016 - FR2016/385

I acknowledge receipt of the financial report of the Construction, Forestry, Mining and Energy Union (CFMEU). The documents were lodged with the Registered Organisations Commission (the ROC) on 16 June 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 31 December 2017 will be subject to an advanced compliance review.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The ROC will confirm these concerns have been addressed prior to filing next year's report.

Going concern

I note that the Auditor's Report includes an 'Emphasis of Matter' as follows:

...total liabilities exceeded its total current assets by \$389,681. This condition is disclosed in Note 1.27 to the financial report along with the National Executive's opinion that the entity is able to pay its debts as and when they fall due.

In addition, the following is noted from the CFMEU financial reports:

- i. The Statement of Profit or Loss has disclosed losses during the past nine financial years of 2016 (\$54,146), 2015 (\$25,414), 2014 (\$54,162), 2013 (\$75,503), 2012 (\$54,209), 2011 (\$151,715), 2010 (\$149,615), 2009 (\$8,835) and 2008 (\$17,768).
- ii. The Statement of Financial Position discloses Net Liabilities as at 31 December 2016 of \$208,974.

Note 1.27 to the CFMEU 2016 GPFR refers to the net liability and states:

The committee believes that the entity will generate sufficient funds in the future years to ensure the continuity of operations.

However, the CFMEU financial report does not provide details as to how the Committee of Management proposes to achieve this aim.

Note 1.27 also states that:

To continue as a going concern, the entity requires:

...- to acquire financial support from its related divisions.

However, the financial report does not provide details of the reporting units providing this support nor the form of agreement provided.

The ROC will review the CFMEU 31 December 2017 financial report to assess the effectiveness of the Committee of Management's actions to address the on-going solvency of the reporting unit.

I remind the officers of the union of their duties under sections 285 and 287 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) in relation to the financial management of the union. These sections require officers to exercise their powers and discharge their duties with care and diligence, in the best interest of the organisation and not to cause detriment to the organisation (these are civil penalty provisions). It is incumbent on the officers of the union to take appropriate steps to address the net operating loss and ensure its ongoing solvency

Presentation of general purpose financial report

I note that the reporting unit has prepared its general purpose financial report using the model set of financial statements which were released by the ROC on 20 June 2016. The ROC recommends that 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, however as stated in the introduction on page 2 of the model financial statements:

'a reporting unit will need to ensure that only the disclosures that are applicable to their individual circumstances are included in the audited financial report distributed to members and lodged with the Registered Organisations Commission.'

The audited financial report distributed to members and lodged with the ROC contains a large number of disclosures that are NOT applicable to the reporting unit and it would appear that the model statements have been largely replicated without a review by the reporting unit to ensure they accurately reflect the operations of the branch. I also note that many of the items that are required to be disclosed as per the s.253 Reporting Guidelines have been included twice, that is within the main statements and within individual Notes. This is unnecessary and has led to the financial report being excessively long. The financial report also contains irrelevant and incorrect information on the reporting units accounting policies.

Please ensure in future years that the financial report distributed to members and lodged with the ROC contains only the disclosures that are applicable to the reporting unit's circumstances.

Materiality

Australian Accounting Standard *AASB 101 Presentation of Financial Statements* paragraph 97 requires material items to be presented separately. Note 4K to the financial statements reports \$4,298,064 as Campaign expenses, which is a material amount. Please note that in future years this item is required to be further divided to ensure that any material items within expenses are separately disclosed.

Disclosure of payables in respect of legal costs

Reporting Guideline 20(b) requires a payable in relation to legal costs to be disclosed by litigation and by other legal matters. Note 7B discloses this liability but does not distinguish based on the categories indicated above.

Please ensure that legal costs are correctly reflected in next year's financial report.

New Format for Auditor's Statement

The Auditing and Assurance Standards Board (AUASB) has released new requirements for auditor reports effective for financial reporting periods ending on or after 15 December 2016. The Auditor's Statement for the organisation/branch was not prepared in accordance with the new format required by ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

Please ensure that the auditor's statement in relation to next year's financial report is prepared in accordance with ASA 700.

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 are 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](#).

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) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully



KEN MORGAN

Financial Reporting Advisor

Registered Organisations Commission

**CONSTRUCTION FORESTRY MINING
AND ENERGY UNION
NATIONAL OFFICE
ABN 17 402 743 835**

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2016**

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

OPERATING REPORT

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009 ("Act") the National Executive present their Operating Report on Construction Forestry Mining and Energy Union National Office ("the Union"), the relevant Reporting Unit for the financial year ended 31 December 2016.

Principal Activities

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

- Implementation of decision of the National Executive Committee
- Maintenance of Union Rules, Registrations and Affiliations
- Conducting Activities for Parliamentary, Divisional and Divisional Branch elections, including assisting with statutory requirements.
- Representing the Union's interest on various national committees and organisations.
- Co-ordinating the involvement of the Union in relevant international trade union bodies and conferences.

Providing prime responsibility for initiating and leading the conduct of legal action launched in defence of the Union's work.

The Construction, Forestry, Mining and Energy Union (CFMEU) and the Textile Clothing and Footwear Union of Australia (TCFUA) have signed a Memorandum of Understanding (MOU) on the 26 October 2016 expressing an in principle agreement to amalgamate. Under the terms of the MOU the TCFUA would be incorporated into the CFMEU Forestry, Furnishings, Building Products and Manufacturing Division.

The Construction, Forestry, Mining and Energy Union (CFMEU) and the Maritime Union of Australia (MUA) have a signed Memorandum of Understanding (MOU) on the 14 December 2016 expressing an in principle to amalgamate.

Ongoing discussions have commenced and at the date of this financial Report, the discussions are continuing.

Operating Result

The results of the principal activities of the Union during the financial year was to further the interests of CFMEU workers through improvements in wages and conditions, health and safety, legal rights and company compliance with Australian labour standards.

The operating loss of the Union for the financial year was \$54,146 (2015: \$25,414 loss). No provision for tax was necessary as the Union is exempt from income tax.

Significant change

There were no significant changes in the principal activities or financial affairs of the Union during the financial year.

Rights of Members

Pursuant to the Reporting Unit Rule 21 and Section 174 of the Fair Work (Registered Organisations) Act 2009, members have the right to resign from membership by providing written notice addressed to and delivered to the Secretary of the Reporting Unit.

A notice of resignation from membership of the Union takes effect:

- (a) where the member ceases to be eligible to become a member of the Union
 - (i) on the day on which the notice is received by the Union
 - (ii) on the day specified in the notice which is a day not earlier than the day when the member ceases to be eligible to become a member;whichever is the later, or
- (b) in any other case:
 - (i) at the end of two weeks after the notice is received by the Union, or
 - (ii) on the day specified in the noticewhichever is the later.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

OPERATING REPORT continued

Superannuation Officeholders

Mr Dave Noonan is a director of United Super Pty Ltd which acts as Trustee of C Bus. He is also a director of C Bus Property Pty Ltd.

Mr Frank O'Grady is a director of United Super Pty Ltd which acts as Trustee of C Bus.

Mr Alex Millar is a director of the FIRST Superannuation Fund.

Mr Anthony Maher is an alternate director of Auscoal Superannuation Pty Ltd which acts as Trustee of Mine Wealth and Wellbeing Superannuation Fund (formerly Auscoal Superannuation Fund).

Mr Michael O'Connor is a director of the FIRST Superannuation Fund

Mr David Kimer is a director of the FIRST Superannuation Fund.

Mr Frank Varl is a director of the FIRST Superannuation Fund

Ms Rita Mallia is a director of United Super Pty Ltd which acts as Trustee of C Bus.

Superannuation Officeholders

No other officer or member of the Union is:

- (a) is a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (b) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Other Prescribed Information

In accordance with Regulation 159 of the Fair Work (Registered Organisations) Regulations 2009 ("Regulations"):

- (a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for Section 230 of the Act and who are taken to be members of the Union under section 244 of the Act was 96,436 (2015: 97,049)
- (b) the number of persons who were, at the end of the financial year to which the report relates, employees of the Union, where the number of employees includes both full-time and part-time employees, measured on a full-time equivalent basis was 8.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

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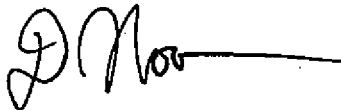
NATIONAL EXECUTIVE STATEMENT

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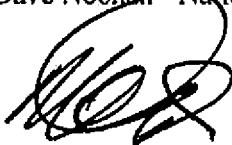
FOR THE YEAR ENDED 31 DECEMBER 2016

This declaration is made in accordance with a resolution of the National Executive.

For the National Executive:



Signature: Dave Noonan - National Assistant Secretary



Signature: Michael O'Connor - National Secretary

Dated: 31 May 2017

Sydney

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NATIONAL EXECUTIVE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

On the 31 May 2017 the National Executive of the Construction Forestry Mining and Energy Union National Office passed the following resolution in relation to the general purpose financial report (GPRF) for the year ended 31 December 2016:

The National Executive declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) 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; and
- (e) during the financial year to which the GPRF relates and since the end of that year:
 - (i) meetings of the National Executive were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (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; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) where the reporting unit has derived revenue from undertaking recovery of wages activity:
 - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and
 - (ii) the National Executive instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and
 - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
 - (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
 - (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

OPERATING REPORT continued

Other Prescribed Information

(c) the names of each person who have been a member of the National Executive of the Union at any time during the reporting period, and the period for which he or she held such a position were:

Name	
Aaron Cartledge	National Executive Member
Alex Millar	National Executive Member
Andrew Vickers	National Vice-President
Andy Honeysett	National Executive Member
Brad Coates	National Executive Member
Brad Parker	National Executive Member
Brian Parker	National Executive Member
Chris Hinds	National Executive Member
Craig Smith	National Executive Member
Dave Kirner	National Executive Member
Dave Noonan	National Assistant Secretary
Dean Hall	National Executive Member
Frank O'Grady	National Executive Member
Frank Vari	National Executive Member
Gary Wood	National Executive Member
Jane Calvert	National Executive Member
Joe McDonald	National Executive Member
John Setka	National Executive Member
Leo Skourdombis	National Vice-President
Lorraine Usher	National Executive Member (resigned 15 July 2016)
Luke Van Der Meulen	National Executive Member (resigned 15 June 2016)
Michael O'Connor	National Executive Member
Michael Ravbar	National Vice-President
Mick Buchan	National Executive Member
Peter Jordan	National Executive Member
Rita Mallia	National Executive Member (Appointed 1 January 2016)
Scott McLean	National Executive Member
Stephen Smyth	National Executive Member
Anthony Maher	National President
Trevor Williams	National Executive Member (Appointed 16 June 2016)

National Executive members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Signed in accordance with a resolution of the National Executive.

For the National Executive:



Signature: Dave Noonan — National Assistant Secretary



Signature: Michael O'Connor — National Secretary

Dated: 31 May 2017

Sydney

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 \$	2015 \$
Revenue			
Membership subscription*		-	-
Capitation fees	3A	1,664,223	1,391,999
Levies	3B	-	-
Interest	3C	2,750	7,255
Rental revenue	3D	-	-
Other revenue	3G	5,190,920	7,184,839
Total revenue		<u>6,857,893</u>	<u>8,584,093</u>
Other Income			
Grants and/or donations	3E	955,947	2,904
Share of net profit from associate	6E	-	-
Net gains from sale of assets	3F	-	-
Distribution From Trust		-	-
Total other income		<u>955,947</u>	<u>2,904</u>
Total income		<u>7,813,840</u>	<u>8,586,997</u>
Expenses			
Employee expenses	4A	1,346,663	960,163
Capitation fees	4B	-	-
Affiliation fees	4C	395,826	398,300
Administration expenses	4D	903,617	686,705
Grants or donations	4E	244,062	14,400
Depreciation and amortisation	4F	40,524	4,750
Finance costs	4G	-	-
Legal costs	4H	624,380	1,983,419
Audit fees	14	14,850	12,550
Share of net loss from associate	6E	-	-
Write-down and impairment of assets	4I	-	-
Net losses from sale of assets	4J	-	-
Occupancy expense		-	-
Other expenses	4K	4,298,064	4,552,124
Total expenses		<u>7,867,986</u>	<u>8,612,411</u>
Profit (loss) for the year		<u>(54,146)</u>	<u>(25,415)</u>
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss		-	-
(Loss)/Gain on revaluation of land & buildings		-	-
Total comprehensive income for the year		<u>(54,146)</u>	<u>(25,414)</u>

The above statement should be read in conjunction with the notes.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

**ABN 17 402 743 835
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	613,451	131,244
Trade and other receivables	5B	1,034,189	1,541,690
Other current assets	5C	106,959	7,354
Land and buildings		-	-
Total current assets		<u>1,754,599</u>	<u>1,680,288</u>
Non-Current Assets			
Land and buildings	6A	13,079	-
Plant and equipment	6B	17,532	18,673
Investment Property	6C	-	-
Intangibles	6D	150,096	94,088
Investments in associates	6E	-	-
Other investments	6F	-	-
Other non-current assets	6G	-	-
Trade and other receivables		-	-
Total non-current assets		<u>180,707</u>	<u>112,761</u>
Total assets		<u>1,935,306</u>	<u>1,793,049</u>
LIABILITIES			
Current Liabilities			
Trade payables	7A	1,881,050	475,152
Other payables	7B	(4,213)	1,281,677
Employee provisions	8A	267,443	191,048
Total current liabilities		<u>2,144,280</u>	<u>1,947,877</u>
Non-Current Liabilities			
Trade payables		-	-
Employee provisions	8A	-	-
Other non-current liabilities	9A	-	-
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>2,144,280</u>	<u>1,947,877</u>
Net assets		<u>(208,974)</u>	<u>(154,828)</u>
EQUITY			
General funds	10A	-	-
Retained earnings (accumulated deficit)		(208,974)	(154,828)
Total equity		<u>(208,974)</u>	<u>(154,828)</u>

The above statement should be read in conjunction with the notes.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	General Funds	Retained earnings	Total equity
Notes	\$	\$	\$
Balance as at 1 January 2015	-	(129,414)	(129,414)
Adjustment for errors	-	-	-
Adjustment for changes in accounting policies	-	-	-
Profit/(loss) for the year	-	(25,414)	(25,414)
Other comprehensive income for the year -			
Transfer from	-	-	-
Transfer to/from	10A	-	-
Transfer from retained earnings	-	-	-
Closing balance as at 31 December 2015	-	(154,828)	(154,828)
Adjustment for errors	-	-	-
Adjustment for changes in accounting policies	-	-	-
Profit/(loss) for the year	-	(54,146)	(54,146)
Other comprehensive income for the year	-	-	-
Transfer to/from	10A	-	-
Transfer from retained earnings	-	-	-
Closing balance as at 31 December 2016	-	(208,974)	(208,974)

The above statement should be read in conjunction with the notes.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 \$	2015 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units/controlled entity(s)	11B	7,637,846	9,134,499
Grant and other income		-	-
Membership contributions		-	-
Interest		2,750	7,255
Other		680,744	65,581
Cash used			
Suppliers and employees		(8,542,173)	(8,985,197)
Payment to other reporting units/controlled entity(s)	11B	(188,490)	(513,811)
Net cash from (used by) operating activities	11A	<u>(409,323)</u>	<u>(291,673)</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		-	-
Proceeds from sale of land and buildings		-	-
Other		-	-
Cash used			
Purchase of plant and equipment		(6,656)	(16,574)
Purchase of land and buildings		(22,714)	-
Other		(79,100)	(44,463)
Net cash from (used by) investing activities		<u>(108,470)</u>	<u>(61,037)</u>
FINANCING ACTIVITIES			
Cash received			
Loan from CFMEU – Construction & General VIC/TAS Divisional Branch		1,000,000	-
Contributed equity		-	-
Other		-	-
Cash used			
Repayment of borrowings		-	-
Other		-	-
Net cash from (used by) financing activities		<u>1,000,000</u>	<u>-</u>
Net increase (decrease) in cash held		<u>482,207</u>	<u>(352,710)</u>
Cash & cash equivalents at the beginning of the reporting period		131,244	483,954
Cash & cash equivalents at the end of the reporting period	5A	<u>613,451</u>	<u>131,244</u>

The above statement should be read in conjunction with the notes.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Cash assets in respect of recovered money at beginning of year	-	-
Receipts		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
Total receipts	-	-
Payments		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
The reporting unit:		
name of account	-	-
name of fund	-	-
Name of other reporting unit of the organisation:		
name of account	-	-
name of fund	-	-
Name of other entity:		
name of account	-	-
name of fund	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
Total payments	-	-
Cash asset's in respect of recovered money at end of year	-	-
Number of workers to which the monies recovered relates	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	-	-
Number of workers the payable relates to	-	-
Fund or account operated for recovery of wages	-	-

No revenue has been derived from undertaking recovery of wages activity during the reporting period

The above statement should be read in conjunction with the notes

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Index to the Notes of the Financial Statements

Note 1	Summary of significant accounting policies
Note 2	Events after the reporting period
Note 3	Income
Note 4	Expenses
Note 5	Current assets
Note 6	Non-current assets
Note 7	Current liabilities
Note 8	Provisions
Note 9	Non-current liabilities
Note 10	Equity
Note 11	Cash flow
Note 12	Contingent liabilities, assets and commitments
Note 13	Related party disclosures
Note 14	Remuneration of auditors
Note 15	Financial instruments
Note 16	Fair value measurements
Note 17	Business combinations
Note 18	Administration of financial affairs by a third party
Note 19	Section 272 Fair Work (Registered Organisations) Act 2009

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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

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

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

AASB 2014-1 Amendments to Australian Accounting Standards.

Effective 31 December 2016

The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of AASB 119 for the gross benefit.

There will be no impact as the entity does not have a defined benefit plan.

AASB 2014 -1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality as each standard is amended for another purpose.

There is not expected to be any changes to the reported financial position, performance or cash flows of the entity.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies continued

1.4 New Australian Accounting Standards continued

Adoption of New Australian Accounting Standard requirements

AASB 2014-1 Amendments to Australian Accounting Standards (2010 – 2012 cycle).

Effective 31 December 2016

The following standards and changes are made under AASB 2014-1:

AASB 3 Business Combinations – clarification that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

AASB 8 Operating Segments – amendments to disclosures

AASB 3 Business Combinations – references to contingent consideration

AASB 13 Fair value measurement – minor clarification re: measurement of short-term receivables and payables

AASB 116 Property, plant and equipment – clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

AASB 124 Related Party Disclosures – clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

There are not expected to be any changes to reported financial position or performance arising from the adoption of part A of AASB 2014-1.

AASB 2014-1 Amendments to Australian Accounting Standards (2011 – 2013 cycle).

31 December 2016

The following standards and changes are made under AASB 2014-1:

AASB 1 First-time Adoption of Australian Accounting Standards – clarification in the basis of conclusion

AASB 3 Business Combinations - Clarifies that AASB 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

AASB 13 Fair Value Measurement - Clarifies that the scope of the portfolio exception defined in paragraph 52 of AASB 13 includes all contracts accounted for within the scope of AASB 139 Financial Instruments: Recognition and Measurement or AASB 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in AASB 132 Financial Instruments: Presentation.

There are not expected to be any changes to reported financial position or performance arising from the adoption of part A of AASB 2014-1.

Equity method in separate financial statements (Amendments to IAS 27)

31 December 2016

This standard will allow entities to use the equity method to account for its interest in subsidiaries, joint venture and associates in separate financial statements.

There is no impact as the entity does not prepare separate financial statements.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies continued

1.4 New Australian Accounting Standards continued

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on reporting unit include:

IFRS 15 Revenue from contracts with customers.

Effective 31 December 2018

IFRS 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Impacts on the reported financial position and performance have not yet been determined.

IFRS 9 Financial Instruments

31 December 2018

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using IFRS 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Impairment of assets is now based on expected losses in IFRS 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.5 Investment in associates

An associate is an entity over which the reporting unit has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Asset Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the associate. When the share of losses of an associate exceeds the interest in that associate, the reporting unit discontinues recognising its share of further losses. Additional losses are recognised only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

1.6 Business combinations

The acquisition method of accounting is used to account for all business combinations, except for those identified in the Fair Work Commissions reporting guidelines under item 12. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the parent entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values on acquisition date. On an acquisition-by-acquisition basis, the parent entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the parent entity's share of the net identifiable assets, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.6 Business combinations continued

If it is determined that the combination results in mutual benefit to both the members of the acquirer and the acquiree, the surplus of the fair value of the net identifiable assets acquired over the consideration paid will be recognised in member's funds as a business combination reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

1.7 Acquisition of assets and or liabilities that do not constitute a business combination

The net book value of assets and or liabilities transferred to reporting unit for no consideration is used to account for an amalgamation under Part 2 of Chapter 3 of the Fair Work (Registered Organisations) Act 2009/a restructure of the branches of the [reporting unit]/a determination by the General Manager under subsections 245(1) of the Fair Work (Registered Organisations) Act 2009/ a revocation by the General Manager under subsection 249(1) of the Fair Work (Registered Organisations) Act 2009.

The assets and liabilities are recognised as at the date of transfer.

1.8 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.9 Government grants¹

Government grants are not recognised until there is reasonable assurance that the reporting unit will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the reporting unit recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the reporting unit should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the reporting unit with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.10 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.11 Capitation fees and levies

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

1.12 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. Reporting Unit recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

¹ Policy relevant for for-profit reporting units. Not-for-profit reporting units must comply with AASB1004 Contributions.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.13 Leases

Leases 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.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.14 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.15 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

1.16 Financial instruments

Financial assets and financial liabilities are recognised when a reporting unit entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.17 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.17 Financial assets continued

Available-for-sale

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.17 Financial assets continued

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.17 Financial assets continued

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.18 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.18 Financial Liabilities continued

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.19 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.20 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.20 Land, Buildings, Plant and Equipment continued

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Class of Fixed Asset	2016	2015
Office Equipment	3-10 years	3-10 years
Furniture and Fittings	10 years	10 years
Building Improvements	3 years	-

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.21 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.22 Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of reporting unit intangible assets are:

	2016	2015
Intangibles	5 years	5 years

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

1.23 Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the reporting unit were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.24 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.25 Taxation

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

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.26 Fair value measurement

The reporting unit measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the reporting unit. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The reporting unit uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 1 Summary of significant accounting policies

1.26 Fair value measurement continued

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the [reporting unit] determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the [reporting unit] has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.27 Going concern

As at 31 December 2016, the entity is in a net asset deficiency of \$208,974 (2015: \$154,828), this deficiency is mainly due to expenses exceeding revenue for the period ending 31 December 2016. Notwithstanding this factor, the financial report has been prepared on the basis that the entity is a going concern, which assumes continuity of normal business activities and the realisation and the settlement of liabilities in the normal course of business.

To continue as a going concern, the entity requires:

- to generate sufficient funds from future operating activities
- to acquire financial support from its related divisions

The committee believes that the entity will generate sufficient funds in the future years to ensure the continuation of operations. The related divisions have and will continue to provide financial support to the entity in the way of unsecured loans to ensure that the entity is capable of meeting its current obligations as and when they fall due.

If the entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial report.

Note 2 Events after the reporting period

There were no events that occurred after 31 December 2016, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the reporting unit.

CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE

ABN 17 402 743 835

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
Note 3 Income		
Note 3A: Capitation fees*		
CFMEU – Construction and General Division – National Office	1,063,502	867,796
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	228,017	198,973
CFMEU – Mining and Energy Division – National Office	372,704	325,230
Total capitation fees	<u>1,664,223</u>	<u>1,391,999</u>
Note 3B: Levies*		
Levies	-	-
Total levies	<u>-</u>	<u>-</u>
Note 3C: Interest		
Deposits	2,750	7,255
Loans	-	-
Total interest	<u>2,750</u>	<u>7,255</u>
Note 3D: Rental revenue		
Properties	-	-
Other	-	-
Total rental revenue	<u>-</u>	<u>-</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 3E: Grants or donations*		
Grants	-	-
Donations		
CFMEU – Construction & General Division – NSW Divisional Branch	500,000	-
CFMEU – Construction & General Division – VIC/TAS Divisional Branch	400,000	-
CFMEU – Mining & Energy National Office	55,000	-
Other Donations	947	2,904
Total grants or donations	<u>955,947</u>	<u>2,904</u>
Note 3F: Net gains from sale of assets		
Land and buildings	-	-
Plant and equipment	-	-
Intangibles	-	-
Total net gain from sale of assets	<u>-</u>	<u>-</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 3G: Other Income		
Campaign – CFMEU National Campaign		
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	1,030,000	1,000,000
CFMEU – Construction & General Division – National Office	282,339	1,000,000
CFMEU – Construction & General Division – ACT Divisional Branch	112,156	-
CFMEU – Construction & General Division – NSW Divisional Branch	320,723	-
CFMEU – Construction & General Division – QLD/NT Divisional Branch	391,888	-
CFMEU – Construction & General Division – SA Divisional Branch	22,518	-
CFMEU – Construction & General Division – WA Divisional Branch	238,868	-
CFMEU – Construction & General Division – VIC/TAS Divisional Branch	330,099	-
CFMEU – Mining & Energy National Office	1,000,000	1,000,000
Other	115,367	1,756,851
Conference – CFMEU National Conference		
CFMEU – Construction & General Division – National Office	33,097	-
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	47,326	-
CFMEU – Mining & Energy National Office	14,664	-
CFMEU – Construction & General Division – QLD/NT Divisional Branch	164	-
Other	123,540	-
Conference – CFMEU Women's Conference		
Other	11,000	20,000
Directors Fees	-	62,677
Reimbursement from divisional branches – Royal Commission		
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	62,339	213,471
CFMEU – Construction & General Division – National Office	258,483	841,918
CFMEU – Mining & Energy National Office	151,525	511,782
Other	333,549	409,603
Reimbursement from divisional branches – Royal Commission consulting		
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	8,133	12,018
CFMEU – Construction & General Division – National Office	31,464	46,493
CFMEU – Mining & Energy National Office	19,771	29,211
Other	-	64,481
Reimbursement from divisional branches – Other		
CFMEU – Construction & General Division – National Office	127,411	141,902
CFMEU – Construction & General Division – WA Divisional Branch	50,000	-
CFMEU – Construction & General Division – VIC/TAS Divisional Branch	69,746	-
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	-	26,107
CFMEU – Mining & Energy National Office	-	48,325
Sundry Income	4,750	-
Total other income	5,190,920	7,184,839

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

**ABN 17 402 743 835
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 4 Expenses		
Note 4A: Employee expenses*		
Employee expenses		
Salaries and allowances		
- elected officials	203,067	204,039
- employees	774,420	538,949
Superannuation contributions		
- elected officials	36,185	30,163
- employees	91,593	68,008
Provision for annual leave		
- elected officials	7,727	7,725
- employees	37,684	(7,569)
Provision for long service leave		
- elected officials	5,365	5,336
- employees	-	-
Provision for personal leave		
- elected officials	9,362	9,336
- employees	2,625	14,492
Provision for RDO		
- elected officials	-	-
- employees	13,632	2,274
Separation and redundancies		
- elected officials	-	-
- employees	34,936	11,733
Other		
- payroll tax	57,761	41,103
- employee overheads	34,031	6,194
- fringe benefit tax	4,338	2,677
- redundancy fund contributions	23,672	17,700
- workcover levy	10,265	8,003
Total employee expenses	1,346,663	960,163
Note 4B: Capitation fees*		
National Office	-	-
Total capitation fees	-	-

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 4C: Affiliation fees*		
Affiliation fees:		
Australian Council of Trade Union	394,000	393,164
Australian Fair Trade and Investment Network	-	1,591
Australian People for Health, Education and Development Abroad	1,826	3,545
Total affiliation fees/subscriptions	395,826	398,300
*As required by the Reporting Guidelines. Item to remain even if 'nil'.		
Note 4D: Administration expenses		
Included in administration expense		
Consideration to employers for payroll deductions	-	-
Compulsory levies		
ACTU - Growth & Campaign levy*	212,000	212,000
Fees/allowances - meeting and conferences	13,279	6,160
Conference and meeting expenses	280,070	51,472
Contractors/consultants	155,869	218,427
Property expenses	-	-
Office expenses	224,553	191,541
Information communications technology	17,846	7,105
Other	-	-
Subtotal administration expense	903,617	686,705
Operating lease rentals:		
Minimum lease payments	-	-
Total administration expenses	903,617	686,705

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 4E: Grants or donations*		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	1,300
Total paid that exceeded \$1,000	244,062	13,100
Total grants or donations	<u>244,062</u>	<u>14,400</u>
Note 4F: Depreciation and amortisation		
Depreciation		
Land & buildings	9,635	-
Property, plant and equipment	7,797	4,750
Total depreciation	<u>17,432</u>	<u>4,750</u>
Amortisation		
Intangibles	23,092	-
Total amortisation	<u>23,092</u>	<u>-</u>
Total depreciation and amortisation	<u>40,524</u>	<u>4,750</u>
Note 4G: Finance costs		
Finance leases	-	-
Overdrafts/loans	-	-
Unwinding of discount	-	-
Total finance costs	<u>-</u>	<u>-</u>
Note 4H: Legal costs*		
Litigation	-	-
Other legal matters	624,380	1,983,419
Total legal costs	<u>624,380</u>	<u>1,983,419</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 4I: Write-down and Impairment of assets		
Asset write-downs and impairments of:		
Land and buildings	-	-
Plant and equipment	-	-
Intangible assets	-	-
Other	-	-
Total write-down and impairment of assets	-	-
Note 4J: Net losses from sale of assets		
Land and buildings	-	-
Plant and equipment	-	-
Intangibles	-	-
Total net losses from asset sales	-	-
Note 4K: Other expenses		
Penalties - via RO Act or RO Regulations	-	-
Loss of wages	-	-
Bad debts	-	-
Campaign expenses	4,298,064	4,552,124
Other expenses	-	-
Total other expenses	4,298,064	4,552,124

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 5 Current Assets		
Note 5A: Cash and Cash Equivalents		
Cash at bank	613,451	131,244
Cash on hand	-	-
Cash on deposits	-	-
Total cash and cash equivalents	<u>613,451</u>	<u>131,244</u>
Note 5B: Trade and other receivables		
Receivables from other reporting unit[s]		
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	189,763	342,495
CFMEU – Construction & General Division – National Office	590,607	736,243
CFMEU – Construction & General Division – WA Divisional Branch	55,000	-
CFMEU – Construction & General Division – QLD/NT Divisional Branch	180	-
CFMEU – Construction & General Division – VIC/TAS Divisional Branch	50,210	-
CFMEU – Mining & Energy National Office	-	411,223
Total receivables from other reporting unit[s]	<u>885,760</u>	<u>1,489,961</u>
Less provision for doubtful debts		
Provision for doubtful debts	-	-
Total provision for doubtful debts	-	-
Receivable from other reporting unit[s] (net)	<u>885,760</u>	<u>1,489,961</u>
Other receivables:		
GST receivable from the Australian Taxation Office	-	-
Other trade receivables	148,429	51,729
Total other receivables	<u>148,429</u>	<u>51,729</u>
Total trade and other receivables (net)	<u>1,034,189</u>	<u>1,541,690</u>
Note 5C: Other current assets		
Prepayments	106,959	7,354
Total other current assets	<u>106,959</u>	<u>7,354</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 6 Non-current Assets

	2016	2015
	\$	\$
Note 6A: Building Improvements		
Building Improvements:		
At Cost	22,714	-
accumulated depreciation	(9,635)	-
Total Building Improvements	13,079	-

Reconciliation of the Opening and Closing Balances of Building Improvements

As at 1 January		
Gross book value	-	-
Accumulated depreciation and impairment	-	-
Net book value 1 January	-	-
Additions:		
By purchase	22,714	-
From acquisition of entities (including restructuring)	-	-
Revaluations	-	-
Impairments	-	-
Depreciation expense	(9,635)	-
Other movement [<i>give details below</i>]	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	-	-
Net book value 31 December	13,079	-
Net book value as of 31 December represented by:		
Gross book value	22,714	-
Accumulated depreciation and impairment	(9,635)	-
Net book value 31 December	13,079	-

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 6B: Plant and equipment		
Plant and equipment:		
At cost	36,883	32,984
Accumulated depreciation	(19,351)	(14,311)
Total plant and equipment	17,532	18,673

Reconciliation of the Opening and Closing Balances of Plant and Equipment

As at 1 January		
Gross book value	32,984	16,410
Accumulated depreciation and impairment	(14,311)	(9,561)
Net book value 1 January	18,673	6,849
Additions:		
By purchase	6,656	16,574
From acquisition of entities (including restructuring)	-	-
Impairments	-	-
Depreciation expense	(5,040)	(4,750)
Other movement	-	-
Disposals:	-	-
From disposal of entities (including restructuring)	-	-
Other	(2,757)	-
Net book value 31 December	17,532	18,673
Net book value as of 31 December represented by:		
Gross book value	36,883	32,984
Accumulated depreciation and impairment	(19,351)	(14,311)
Net book value 31 December	17,532	18,673

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 6C: Investment Property		
Opening balance as at 1 January 2016	-	-
Additions	-	-
Net gain from fair value adjustment	-	-
Closing balance as at 31 December 2016	-	-

Note 6D: Intangibles

Website development at cost:		
internally developed	-	-
Purchased	173,188	94,088
accumulated amortisation	(23,092)	-
Total intangibles	150,096	94,088

Reconciliation of the Opening and Closing Balances of Intangibles

As at 1 January		
Gross book value	94,088	49,625
Accumulated amortisation and impairment	-	-
Net book value 1 January	94,088	49,625
Additions:		
By purchase	79,100	44,463
From acquisition of entities (including restructuring)	-	-
Impairments	-	-
Amortisation	(23,092)	-
Other movements [<i>give details below</i>]	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	-	-
Net book value 31 December	150,096	94,088
Net book value as of 31 December represented by:		
Gross book value	173,188	94,088
Accumulated amortisation and impairment	(23,092)	-
Net book value 31 December	150,096	94,088

CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE

ABN 17 402 743 835

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
Note 6E: Investments in Associates		
Investments in Associates		
	-	-
Total investments	<u>-</u>	<u>-</u>
Note 6F: Other Investments		
Deposits	-	-
Other	-	-
Total other investments	<u>-</u>	<u>-</u>
Note 6G: Other Non-current Assets		
Shares in unlisted company at cost	-	-
Units in Unit Trust at cost	-	-
Shares in unlisted company at cost	-	-
Prepayments	-	-
Other	-	-
Total other non-financial assets	<u>-</u>	<u>-</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 7 Current Liabilities		
Note 7A: Trade payables		
Trade creditors and accruals	799,695	427,399
Income in advance	-	-
Operating lease rentals	-	-
Subtotal trade creditors	<u>799,695</u>	<u>427,399</u>
Payables to other reporting unit[s]*		
CFMEU – Construction & General National Office	51,640	32,086
CFMEU – Construction & General VIC/TAS Divisional Branch	1,000,000	-
CFMEU – Mining & Energy National Office	-	-
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	29,715	15,667
Subtotal payables to other reporting unit[s]	<u>1,081,355</u>	<u>47,753</u>
Total trade payables	<u>1,881,050</u>	<u>475,152</u>
Settlement is usually made within 30 days.		
Note 7B: Other payables		
Wages and salaries	-	-
Superannuation	9,126	17,447
Consideration to employers for payroll deductions*	-	-
Legal costs*	4,799	565,887
Prepayments received/unearned revenue	-	750,000
GST payable	(18,138)	(51,657)
Other	-	-
Total other payables	<u>(4,213)</u>	<u>1,281,677</u>
Total other payables are expected to be settled in:		
No more than 12 months	(4,213)	1,281,677
More than 12 months	-	-
Total other payables	<u>(4,213)</u>	<u>1,281,677</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 8 Provisions		
 Note 8A: Employee Provisions*		
Employee provisions		
Provision for annual leave		
- elected officials	24,258	16,531
- employees	51,861	14,177
	<hr/>	<hr/>
	76,119	30,708
 Provision for long service leave		
- elected officials	68,689	63,324
- employees	-	-
	<hr/>	<hr/>
	68,689	63,324
 Provision for RDO		
- elected officials	-	-
- employees	28,087	14,455
	<hr/>	<hr/>
	28,087	14,455
 Provision for Sick leave		
- elected officials	56,092	46,730
- employees	38,456	35,831
	<hr/>	<hr/>
	94,548	82,561
 Total employee provisions	<hr/>	<hr/>
	267,443	191,048
 Current	267,443	191,048
Non-Current	-	-
Total employee provisions	<hr/>	<hr/>
	267,443	191,048

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 9 Non-current Liabilities		
Note 9A: Other non-current liabilities		
Owing to	-	-
Total other non-current liabilities	<u>-</u>	<u>-</u>
Note 10 Equity		
Note 10A: Funds		
General Funds		
Balance as at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	<u>-</u>	<u>-</u>
Fund/reserve		
Balance as at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	<u>-</u>	<u>-</u>
Total Reserves	<u>-</u>	<u>-</u>
Note 10B: Other Specific disclosures - Funds*		
Compulsory levy/voluntary contribution fund – if invested in assets		
	-	-
Other fund(s) required by rules		
Balance as at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	<u>-</u>	<u>-</u>

*As required by Reporting Guidelines. Items to be disclosed even if nil.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 11 Cash Flow		
Note 11A: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	613,451	131,244
Balance sheet	613,451	131,244
Difference	<u>-</u>	<u>-</u>
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	(54,146)	(25,414)
Adjustments for non-cash items		
Depreciation/amortisation	40,524	4,750
Net write-down of non-financial assets	-	-
Fair value movements in investment property	-	-
Gain on disposal of assets	-	-
Changes in assets/liabilities		
(Increase)/decrease in net receivables	507,501	247,882
(Increase)/decrease in inventory	-	-
(Increase)/decrease in prepayments	(99,605)	(3,274)
Increase/(decrease) in supplier payables	405,898	285,024
Increase/(decrease) in other payables	(1,285,890)	(832,234)
Increase/(decrease) in employee provisions	76,395	31,593
Increase/(decrease) in other provisions	-	-
Net cash from (used by) operating activities	<u>(409,323)</u>	<u>(291,673)</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 11 Cash Flow		
 Note 11B: Cash flow information*		
Cash inflows		
CFMEU – Construction & General National Office	1,845,524	4,184,376
CFMEU – Construction & General QLD/NT Divisional Branch	431,077	130,000
CFMEU – Construction & General VIC/TAS Divisional Branch	789,619	320,000
CFMEU – Construction & General WA Divisional Branch	262,755	-
CFMEU – Construction & General SA Divisional Branch	24,770	-
CFMEU – Construction & General NSW Divisional Branch	852,795	-
CFMEU – Construction & General ACT Divisional Branch	123,372	134,449
CFMEU – Mining & Energy National Office	1,910,091	2,335,080
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	1,397,843	2,030,594
Total cash inflows	<u>7,637,846</u>	<u>9,134,499</u>
 Cash outflows		
CFMEU – Construction & General National Office	97,812	233,457
CFMEU – Construction & General QLD/NT Divisional Branch	-	51
CFMEU – Construction & General VIC/TAS Divisional Branch	34,986	-
CFMEU – Mining & Energy National Office	-	730
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	55,692	70,018
CFMEU – Construction & General ACT Divisional Branch	-	25,000
CFMEU – Northern Mining & New South Wales Energy	-	184,555
Total cash outflows	<u>188,490</u>	<u>513,811</u>

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 12 Contingent Liabilities, Assets and Commitments		
Note 12A: Commitments and Contingencies		
Operating lease commitments—as lessee		
Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:		
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-
	-	-
Operating lease commitments—as lessor		
Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:		
Within one year	-	-
After one year but not more than five years	-	-
After five years	-	-
	-	-
Capital commitments		
At 31 December 2016 the entity has commitments of \$Nil (2015: \$Nil).		
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-
Total minimum lease payments	-	-
Less amounts representing finance charges	-	-
Present value of minimum lease payments	-	-
Included in the financial statements as:		
Current interest-bearing loans and borrowings	-	-
Non-current interest-bearing loans and borrowings	-	-
Total included in interest-bearing loans and borrowings	-	-

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 12A: Commitments and Contingencies continued		
Finance leases—lessor		
[Insert general description of lease arrangements]		
Minimum lease payments	-	-
Unguaranteed residual value	-	-
Gross investment	-	-
Unearned finance income	-	-
Net investment (present value of the minimum lease payments)	-	-
Gross amount of minimum lease payments:		
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-
Total gross amount of minimum lease payments	-	-
Present value of minimum lease payments:		
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-
Total present value of minimum lease payments	-	-

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 13 Related Party Disclosures		
Note 13A: Related Party Transactions for the Reporting Period		
The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.		
Revenue received from related parties includes the following:		
CFMEU – Construction & General ACT Divisional Branch	112,156	122,226
CFMEU – Construction & General QLD/NT Divisional Branch	392,052	118,182
CFMEU – Construction & General VIC/TAS Divisional Branch	799,845	290,909
CFMEU – Construction & General SA Divisional Branch	22,518	-
CFMEU – Construction & General WA Divisional Branch	288,868	-
CFMEU – Construction & General NSW Divisional Branch	820,723	-
CFMEU – Construction & General National Office	1,795,475	3,152,236
CFMEU – Mining & Energy National Office	1,613,664	2,144,355
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	1,375,815	1,688,679
Expenses paid to related parties includes the following:		
CFMEU – Construction & General ACT Divisional Branch	-	25,000
CFMEU – Construction & General National Office	83,127	241,403
CFMEU – Construction & General QLD/NT Divisional Branch	-	46
CFMEU – Construction & General VIC/TAS Divisional Branch	32,714	-
CFMEU – Mining & Energy National Office	-	664
CFMEU – Northern Mining & New South Wales Energy	-	167,777
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	67,135	78,614
Amounts owed by related parties include the following:		
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	189,763	342,495
CFMEU – Construction & General National Office	590,607	736,243
CFMEU – Mining & Energy National Office	-	411,223
CFMEU – Construction & General WA Divisional Branch	55,000	-
CFMEU – Construction & General QLD/NT Divisional Branch	180	-
CFMEU – Construction & General VIC/TAS Divisional Branch	50,210	-
Amounts owed to related parties Branch include the following:		
CFMEU – Construction & General National Office	51,640	32,086
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	29,715	15,667
Loans from related parties includes the following:		
CFMEU – Construction & General VIC/TAS Divisional Branch	1,000,000	-
Assets transferred from/to related parties includes the following:		
N/A	-	-

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

**ABN 17 402 743 835
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 13A: Related Party Transactions for the Reporting Period continued

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, the reporting unit has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2015: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

No property was transferred to related parties during the financial year ended 31 December 2016.

	2016	2015
	\$	\$

Note 13B: Key Management Personnel Remuneration for the Reporting Period

Short-term employee benefits

Salary (including annual leave taken)	203,067	204,039
Annual leave accrued	7,727	7,725
Performance bonus	-	-
Other	9,362	9,336

Total short-term employee benefits	220,156	221,100
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Post-employment benefits:

Superannuation	36,185	30,163
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Total post-employment benefits	36,185	30,163
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Other long-term benefits:

Long-service leave	5,365	5,336
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Total other long-term benefits	5,365	5,336
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Termination benefits

Total	261,706	256,599
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Note 13C: Transactions with key management personnel and their close family members

Loans to/from key management personnel

-

Other transactions with key management personnel

-

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 14		
Remuneration of Auditors		
Value of the services provided		
Financial statement audit services	14,350	12,550
Other services	500	-
Total remuneration of auditors	<u>14,850</u>	<u>12,550</u>

During the financial year the auditors of the financial services provided services including preparation of grant acquittals, assistance with preparation of tax statements, preparation of financial reports and other accounting services.

Note 15 **Financial Instruments**

The consolidated group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from related unions.

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:

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 15A: Categories of Financial Instruments		
Financial Assets		
Fair value through profit or loss:		
	-	-
Total	-	-
Held-to-maturity investments:		
Cash and cash equivalents	613,451	131,244
Total	613,451	131,244
Available-for-sale assets:		
At cost		
Unlisted investments	-	-
Total	-	-
Loans and receivables – refer to Note 5B	1,034,189	1,541,690
Total	1,034,189	1,541,690
Carrying amount of financial assets	1,647,640	1,672,934
Financial Liabilities		
Fair value through profit or loss:		
	-	-
Total	-	-
Other financial liabilities:		
Trade and other payables	1,876,837	1,756,829
Total	1,876,837	1,756,829
Carrying amount of financial liabilities	1,876,837	1,756,829

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 15B: Net Income and Expense from Financial Assets		
Held-to-maturity		
Interest revenue	2,750	7,255
Exchange gains/(loss)	-	-
Impairment	-	-
Gain/loss on disposal	-	-
Net gain/(loss) held-to-maturity	-	-
Loans and receivables		
Interest revenue	-	-
Exchange gains/(loss)	-	-
Impairment	-	-
Gain/loss on disposal	-	-
Net gain/(loss) from loans and receivables	-	-
Available for sale		
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
Gain/loss recognised in equity	-	-
Amounts reversed from equity:		
Impairment	-	-
Fair value changes reversed on disposal	-	-
Gain/loss on disposal	-	-
Net gain/(loss) from available for sale	-	-
Fair value through profit and loss		
Held for trading:		
Change in fair value	-	-
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
Total held for trading	-	-
Designated as fair value through profit and loss:		
Change in fair value	-	-
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
Total designated as fair value through profit and loss	-	-
Net gain/(loss) at fair value through profit and loss	-	-
Net gain/(loss) from financial assets	2,750	7,255

The net income/expense from financial assets not at fair value from profit and loss is \$Nil (2015:\$Nil).

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 15C: Net Income and Expense from Financial Liabilities		
At amortised cost		
Interest expense		-
Exchange gains/(loss)	-	-
Gain/loss on disposal	-	-
Net gain/(loss) financial liabilities - at amortised cost	-	-
Fair value through profit and loss		
Held for trading:		
Change in fair value	-	-
Interest expense	-	-
Exchange gains/(loss)	-	-
Total held for trading	-	-
Designated as fair value through profit and loss:		
Change in fair value	-	-
Interest expense	-	-
Total designated as fair value through profit and loss	-	-
Net gain/(loss) at fair value through profit and loss	-	-
Net gain/(loss) from financial liabilities	-	-

The net income/expense from financial liabilities not at fair value from profit and loss is \$ Nil (2015:\$Nil)

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 15D: Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the consolidated group.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the consolidated group securing trade and other receivables.

The consolidated group has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 5B.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 7A.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2016	2015
	\$	\$
Financial assets		
Cash and cash equivalents	613,451	131,244
Trade and other receivables	1,034,189	1,541,690
Total	<u>1,647,640</u>	<u>1,672,934</u>
Financial liabilities		
Trade and other payables	1,876,837	1,756,829
Total	<u>1,876,837</u>	<u>1,756,829</u>

In relation to the entity's gross credit risk the following collateral is held: \$Nil (2015: \$Nil)

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 15D: Credit Risk (continued)

Credit quality of financial instruments not past due or individually determined as impaired – Consolidated

	Not Past Due Nor Impaired 2016 \$	Past due or impaired 2016 \$	Not Past Due Nor Impaired 2015 \$	Past due or impaired 2015 \$
Impaired financial instruments	-	-	-	-
Total	-	-	-	-

[provide relevant details regarding credit risk and quality of each class of financial asset that is either not past due nor impaired or past due or impaired]

Credit quality of financial instruments not past due or individually determined as impaired - Parent

	Not Past Due Nor Impaired 2016 \$	Past due or impaired 2016 \$	Not Past Due Nor Impaired 2015 \$	Past due or impaired 2015 \$
Impaired financial instruments	-	-	-	-
Total	-	-	-	-

[provide relevant details regarding credit risk and quality of each class of financial asset that is either not past due nor impaired or past due or impaired]

Ageing of financial assets that were past due but not impaired for 2016

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Cash and cash equivalents	613,451	-	-	-	613,451
Trade and other receivables	475,269	11,000	68,205	479,715	1,034,189
Total	1,088,720	11,000	68,205	479,715	1,647,640

Ageing of financial assets that were past due but not impaired for 2015

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Cash and cash equivalents	131,244	-	-	-	131,244
Trade and other receivables	1,266,690	275,000	-	-	1,541,690
Total	1,397,934	275,000	-	-	1,672,934

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 15E: Liquidity Risk

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

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timings of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Contractual maturities for financial liabilities 2016

	On Demand	< 1 year \$	1- 2 years \$	2- 5 years \$	>5 years \$	Total \$
Trade and other payables	-	1,876,837	-	-	-	1,876,837
Total	-	1,876,837	-	-	-	1,876,837

Maturities for financial liabilities 2015 -

	On Demand	< 1 year \$	1- 2 years \$	2- 5 years \$	>5 years \$	Total \$
Trade and other payables	-	1,756,829	-	-	-	1,756,829
Total	-	1,756,829	-	-	-	1,756,829

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 15F: Market Risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

Sensitivity analysis of the risk that the entity is exposed to for 2016

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss	Equity
			\$	\$
Interest rate risk	-	+ 2%	12,270	4,180
Interest rate risk	-	- 2%	(12,270)	(4,180)

Sensitivity analysis of the risk that the entity is exposed to for 2015

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss	Equity
			\$	\$
Interest rate risk	-	+2%	2,625	3,097
Interest rate risk	-	-2%	(2,625)	(3,097)

(ii) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

The consolidated group is not exposed to securities price risk on available-for-sale investments

Sensitivity analysis of the risk that the entity is exposed to for 2016

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss	Equity
			\$	\$
Other price risk	-	-	-	-
Other price risk	-	-	-	-

Sensitivity analysis of the risk that the entity is exposed to for 2015

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss	Equity
			\$	\$
Other price risk	-	-	-	-
Other price risk	-	-	-	-

Note 15G: Asset Pledged/or Held as Collateral

There were no assets pledged or held as collateral as at 31 December 2016 (2015: \$Nil).

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

**ABN 17 402 743 835
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 16 Fair Value Measurement

Note 16A: Financial Assets and Liabilities

Management of the reporting unit assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2016 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2016 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the reporting unit's financial assets and liabilities:

	Carrying amount 2016 \$	Fair value 2016 \$	Carrying amount 2015 \$	Fair value 2015 \$
Financial Assets				
Cash and cash equivalents	613,451	613,451	131,244	131,244
Trade and other receivables	1,034,189	1,034,189	1,541,690	1,541,690
Other current assets	106,959	106,959	7,354	7,354
Total	1,754,599	1,754,599	1,680,288	1,680,288
Financial Liabilities				
Trade and other payables	1,876,837	1,876,837	1,756,829	1,756,829
Total	1,876,837	1,876,837	1,756,829	1,756,829

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 16B: Fair Value Hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 31 December 2016

	Date of valuation	Level 1 \$	Level 2 \$	Level 3 \$
Assets measured at fair value				
-	-	-	-	-
Total	-	-	-	-
Liabilities measured at fair value				
-	-	-	-	-
Total	-	-	-	-

Fair value hierarchy – 31 December 2015

	Date of valuation	Level 1 \$	Level 2 \$	Level 3 \$
Assets measured at fair value				
-	-	-	-	-
Total	-	-	-	-
Liabilities measured at fair value				
-	-	-	-	-
Total	-	-	-	-

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 16C: Description of Significant Unobservable Inputs

[AASB 13 Requires additional information on unobservable inputs for Level 3 assets and liabilities at fair value (i.e. investment property, financial assets / liabilities)]

	Valuation technique	Significant unobservable inputs	Range (weighted average)
[Example: Loans to an associate and director]	DCF method	<ul style="list-style-type: none"> • Constant prepayment rate • Discount for non-performance risk 	1.X% - 2.X% (\$1.5) 0.X% (0.X%)
[Example: AFS assets in unquoted equity shares]	DCF method	<ul style="list-style-type: none"> • Long-term growth rate for cash flows for subsequent years ⁽¹⁾ • WACC ⁽²⁾ 	3.X% - 5.X% (4.X%) 5.X% - 9.X% (7.X%)
[Example: Office properties held as investment property]	DCF Method	<ul style="list-style-type: none"> • Estimated rental value per sqm per month ⁽³⁾ • Rent growth p.a. ⁽³⁾ 	\$1X - \$2X (\$2X) 1.7% (1.7%)

(1) A [X%] increase (decrease) in the growth rate would result in an increase (decrease) in fair value by \$XX.

(2) A [X%] increase (decrease) in the WACC would result in a decrease (increase) in fair value by \$XX.

(3) Significant increases (decreases) in the estimated rental value and rent growth per annum in isolation would result in significantly higher (lower) fair value of the properties.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Note 17 Business combinations
Subsidiaries acquired**

Name of entity	Principal activity	Date of acquisition	Proportion of shares acquired %	Consideration transferred	
2016:	-	-	-	-	-
2015:	-	-	-	-	-
Consideration transferred					
2016:				<u>[Entity]</u>	<u>[Entity]</u>
Cash				-	-
Transfer of land & buildings at fair value at date of acquisition				-	-
Total				<u>-</u>	<u>-</u>
2015:				<u>[Entity]</u>	<u>[Entity]</u>
Cash				-	-
Transfer of land & buildings at fair value at date of acquisition				-	-
Total				<u>-</u>	<u>-</u>
Assets acquired and liabilities assumed at the date of acquisition					
			<u>[Entity]</u>	<u>[Entity]</u>	<u>Total</u>
2016:					
Current assets					
Cash and cash equivalents			-	-	-
Trade and other receivables			-	-	-
Inventories			-	-	-
Non-current assets					
Plant and equipment			-	-	-
Current liabilities					
Trade and other payables			-	-	-
Non-current liabilities					
Deferred tax liabilities			-	-	-
Contingent liabilities			-	-	-
			<u>-</u>	<u>-</u>	<u>-</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 17 Business combinations (continued)

	[Entity]	[Entity]	Total
2015:			
Current assets			
Cash and cash equivalents	-	-	-
Trade and other receivables	-	-	-
Inventories	-	-	-
Non-current assets			
Plant and equipment	-	-	-
Current liabilities			
Trade and other payables	-	-	-
Non-current liabilities			
Deferred tax liabilities	-	-	-
Contingent liabilities	-	-	-
<hr/>			
Goodwill arising on acquisition			
	[Entity]	[Entity]	Total
2016:			
Consideration transferred			
Less: fair value of identifiable net assets acquired	-	-	-
Goodwill arising on acquisition	-	-	-
<hr/>			
	[Entity]	[Entity]	Total
2015:			
Consideration transferred			
Less: fair value of identifiable net assets acquired	-	-	-
Goodwill arising on acquisition	-	-	-

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
Note 18 Administration of financial affairs by a third party²		
Name of entity providing service:	None	
Terms and conditions:	None	
Nature of expenses/consultancy service:	None	
 Detailed breakdown of revenues collected and/or expenses incurred		
Revenue		
Membership subscription	-	-
Capitation fees	-	-
Levies	-	-
Interest	-	-
Rental revenue	-	-
Other revenue	-	-
Grants and/or donations	-	-
Total revenue	-	-
 Expenses		
Employee expense	-	-
Capitation fees	-	-
Affiliation fees	-	-
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	-	-
Administration expenses	-	-
Grants or donations	-	-
Finance costs	-	-
Legal costs	-	-
Audit fees	-	-
Penalties - via RO Act or RO Regulations	-	-
Other expenses	-	-
Total expenses	-	-

² Refer to Item 31 in the Reporting Guidelines.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Note 19 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or General Manager:

- (1) A member of a reporting unit, or the General Manager, 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).

Note 20 Disclosure requirements under the rules

In terms of the rules of the Construction Forestry Mining and Energy Union National Office, the union is required to provide additional disclosures for the financial year ended 31 December 2016.

(a). CFMEU Rule 24B – Remuneration paid to the five highest paid Elected Official of the Union for the financial year ended 31 December 2016.

	2016	2015
	\$	\$
Salary	████████	████████
Allowance	-	████
Annual Leave Accrual	████	████
Superannuation	████	████
Total	████████	████████

There is only one Elected Official disclosed as there is only one Elected Official in this Union who receives remuneration directly from the Union. In addition, this Elected Official is provided with a fully maintained motor vehicle (non-cash benefit). The Elected Official was entitled to receive director's fees during the period of disclosure but elected not to receive those fees which were instead directed to and paid to the Union.

(b). CFMEU Rule 24C – Elected Officials' Material Personal Interests.

None of the Elected Officials have disclosed any material personal interests in a matter that the Elected Official has or acquires; or a relative of the Elected Official has or acquires; that relates to the affairs of the union.

(c). CFMEU Rule 24D – Payments to related parties and declared person or body of the Union.

Payments to related parties are disclosed under Note 13. No payments were made by the Union to a declared person or body of the Union.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE**

Report on the Financial Report

We have audited the accompanying financial report of the Construction Forestry Mining And Energy Union National Office, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the National Executive's declaration of the reporting entity for the financial year.

National Executive's Responsibility for the Financial Report

The reporting entity's National Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the committee of management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the National Executive also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the reporting entity's preparation 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 reporting 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 of management, as well as evaluating the overall presentation of the financial report.

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

Independence

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

A member of



Independent legal & accounting firms

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NATIONAL OFFICE
continued**

Auditor's Opinion

In our opinion the general purpose financial report of the entity:

- a.
 - (i) presented fairly the entity's financial report for the year ended 31 December 2016 in accordance with the provisions of the Fair Work (Registered Organisations) Act 2009, other requirements imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the Act; and
 - (ii) complied with the Australian Accounting Standards (including Australian Accounting Interpretations) and the International Financial Reporting Standards as disclosed in Note 1.
 - (iii) indicates that management's use of the going concern basis of accounting in preparation of the financial statements is appropriate.
- b. properly and fairly report all information in relation to recovery of wages activity required by the reporting guidelines of the General Manager of the Fair Work Commission including:
 - (i) any fees charged to or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
 - (ii) any donations or other contributions deducted from recovered money

Emphasis of Matter

Without qualifying our opinion expressed above, we draw your attention to the Statement of Financial Position which indicates that the entity's total liabilities exceeded its total current assets by \$389,681. This condition is disclosed in Note 1.27 to the financial report along with the National Executive's opinion that the entity is able to pay its debts as and when they fall due.


MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner

Approved Auditor and Member of the Institute of Chartered Accountants in Australia and New Zealand and current holder of a current public practice certificate

Melbourne: 31 May 2017