



Australian Government
Registered Organisations Commission

3 September 2019

Mr Darren Greenfield
Secretary
Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division,
New South Wales Divisional Branch

By e-mail: enquiries@nsw.cfmeu.asn.au

Dear Mr Greenfield

**Construction, Forestry, Maritime, Mining and Energy Union-Construction and General
Division, New South Wales Divisional Branch**
Financial Report for the year ended 31 March 2019 - FR2019/8

I acknowledge receipt of the financial report for the year ended 31 March 2019 for the Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division, New South Wales Divisional Branch (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 20 August 2019.

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

Whilst the 2019 report has been filed the following should be addressed in the preparation of the next financial report.

1. General Purpose Financial Report (GPFR)

Reporting guideline (RGs) activities – not disclosed

The term 'reporting unit' is defined under section 242 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)*. Entities registered under state legislation are not reporting units for the purposes of the RO Act and therefore the Construction, Forestry, Mining and Energy Union (New South Wales Branch) Construction and General Division ("the State Registered Union") is not considered a reporting unit.

Transactions with the State Registered Union should be disclosed in accordance with Australian Accounting Standard *AASB 124 Related Party Disclosures*.

Note 1(l) to the GPFR appropriately discloses the financial support arrangements with the State Registered Union. However, in addition, the RGs require specific disclosures in relation to financial support arrangements for reporting unit's registered under the RO Act.

Item 21 of the RGs states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included the GPFR or in an officer's declaration statement.

The notes/officer's declaration statement contained nil activity information for all prescribed reporting guidelines except the following:

- Item 10 – agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- Item 11 – agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)

If no undertaking to provide financial support has been received/provided the following statements should be included:

The **[Reporting Unit's]** ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit.

The **[Reporting Unit]** has not agreed to provide financial support to ensure another reporting unit has the ability to continue as a going concern.

- Item 13(b) – receive capitation fees from another reporting unit or any other revenue from another reporting unit
- Item 15(a) – have a receivable with another reporting unit

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 Specialist
Registered Organisations Commission

FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2019
SECRETARY'S CERTIFICATE

I, Darren Greenfield, being the Secretary of the Construction Forestry Maritime Mining and Energy Union, Construction and General Division, New South Wales Divisional Branch certify:

- (i) That the documents lodged herewith are copies of the full report for the Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch for the period ended 31 March, 2019 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- (ii) That the full report was provided to members of the reporting unit on 26th July, 2019; and
- (iii) That the full report was presented to a Committee of Management of the reporting unit on 16th August, 2019 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.



DARREN GREENFIELD

Dated this 16th day of August, 2019

**Construction Forestry Maritime Mining and Energy Union
Construction and General Division New South Wales Divisional Branch**

Federally Registered Trade Union

Financial Statements

For the Year Ended 31 March 2019

Construction Forestry Maritime Mining and Energy Union

Construction and General Division New South Wales Divisional Branch

Financial Statements

For the year ended 31 March 2019

Contents

| | |
|------------------------------------------------------------|----|
| Operating Report | 1 |
| Committee of Management Statement | 4 |
| Statement of Profit or Loss and Other Comprehensive Income | 5 |
| Balance Sheet | 6 |
| Statement of Changes in Equity | 7 |
| Statement of Cash Flows | 8 |
| Notes to the Financial Statements | 9 |
| Officer Declaration Statement | 45 |
| Subsection 255(2A) Report | 47 |
| Independent Audit Report | 48 |

Construction Forestry Maritime Mining and Energy Union

Construction and General Division New South Wales Divisional Branch

Operating Report

For the year ended 31 March 2019

The Committee of Management presents its operating report of the Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch ("the Union") for the year ended 31 March 2019.

Names of Committee of Management members and period positions held during the year

The names of each person who has been on the Committee of Management during the financial year are:

| Name | Position | Period of Appointment |
|-------------------|---------------------|------------------------------|
| Mr D Greenfield | Secretary | 1/4/18 to 31/3/19 |
| Ms R Mallia | President | 1/4/18 to 31/3/19 |
| Mr R Kera | Assistant Secretary | 1/4/18 to 31/3/19 |
| Mr M Greenfield | Assistant Secretary | 1/4/18 to 31/3/19 |
| Mr L Allen | COM Member | 1/4/18 to 31/3/19 |
| Mr S Andrew | COM Member | 1/4/18 to 31/3/19 |
| Mr S Buterin | COM Member | 1/4/18 to 31/3/19 |
| Mr H Byrnes | COM Member | 1/4/18 to 31/3/19 |
| Mr M Cambourn | COM Member | 1/4/18 to 31/3/19 |
| Mr G Cameron | COM Member | 1/4/18 to 31/3/19 |
| Mr B Cartwright | COM Member | 1/4/18 to 31/3/19 |
| Mr C Chapman | COM Member | 1/4/18 to 31/3/19 |
| Mr P Genovese | COM Member | 1/4/18 to 31/3/19 |
| Mr D Hackett | COM Member | 1/4/18 to 31/3/19 |
| Mr M Hammoud | COM Member | 1/4/18 to 31/3/19 |
| Mr R Ianni | COM Member | 1/4/18 to 31/3/19 |
| Mr M Jones | COM Member | 1/4/18 to 31/3/19 |
| Mr P Kenniff | COM Member | 1/4/18 to 31/3/19 |
| Mr M Lynch | COM Member | 1/4/18 to 31/3/19 |
| Mr David McNamara | COM Member | 1/4/18 to 31/3/19 |
| Mr Denis McNamara | COM Member | 1/4/18 to 31/3/19 |
| Mr P Midson | COM Member | 1/4/18 to 31/3/19 |
| Mr D Reeves | COM Member | 1/4/18 to 31/3/19 |
| Mr W Whitney | COM Member | 1/4/18 to 31/3/19 |
| Mr L Abarca | COM Member | 1/4/18 to 22/6/18 |
| Mr J Barrios | COM Member | 1/4/18 to 18/5/18 |
| Mr J Burns | COM Member | 1/4/18 to 17/8/18 |
| Mr G Preston | COM Member | 1/4/18 to 18/5/18 |
| Mr L Valesini | COM Member | 1/4/18 to 22/6/18 |
| Mr S Costigan | COM Member | 1/4/18 to 25/3/19 |
| Mr D Damjanovic | COM Member | 22/6/18 to 31/3/19 |
| Mr C Munroe | COM Member | 22/6/18 to 31/3/19 |
| Mr Y Sievas | COM Member | 22/6/18 to 31/3/19 |

Construction Forestry Maritime Mining and Energy Union

Construction and General Division New South Wales Divisional Branch

Operating Report

For the year ended 31 March 2019

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

The principal activities of Construction Forestry Maritime Mining & Energy Union Construction and General Division New South Wales Divisional Branch during the financial year were:

- Implementation of Divisional Executive Decisions.
- Maintenance of Union Rules, Registrations and Affiliations.
- The negotiation of enterprise bargaining agreements and project agreements to improve wage rates and conditions of employment for members.
- The election and training of workplace Union delegates to strengthen workers' rights.
- The systematic checking of sites by Union organisers to maintain and improve workplace safety.
- The recruitment of members to the Union to increase Union strength.
- The training of Union officials and staff to better equip the Union to effectively represent and organise workers.
- The audit of employers to ensure compliance with agreement, award and statutory obligations.
- Assistance to workers and sub contract companies unpaid when contractors go bust.
- Representation and assistance to injured workers to assist them in respect of workers compensation and return to work.
- Representation and assistance to members unfairly sacked and victimised.
- The variation of awards to enhance the rights and entitlements of workers.
- Involvement in the broader trade union movement to strengthen trade union unity and influence.
- Media and other communications to our members and the broader community on issues affecting the rank and file to improve worker and community understanding of the role and relevance of the CFMMEU and trade unionism.
- International Trade Union Unity.
- Campaigns against unjust and repressive labour laws introduced by the Federal Liberal Government.

No significant changes in the nature of the Union's activities occurred during the financial year.

A review of the operations and the results of the Union is performed in the regular meetings of the Committee of Management. The Committee of Management believe that they have furthered the interests of their members throughout the year through the conducting of the Union's principal activities.

The surplus for the Union for the year ended 31 March 2019 was \$4,739,664 (2018: deficit of \$966,034) and the Committee of Management believe that the activities of the Union have achieved their objectives for the financial year.

Significant changes in financial affairs

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

Right of members to resign

All members of the Union have the right to resign in accordance with Rule 11 of the Union Rules [and section 174 of the *Fair Work (Registered Organisations) Act 2009*].

Construction Forestry Maritime Mining and Energy Union

Construction and General Division New South Wales Divisional Branch

Operating Report

For the year ended 31 March 2019

Officers or members who are superannuation fund trustees or director of a company that is a superannuation fund trustee being a member or officer of a registered organisation is a criterion for them holding such position

Ms Rita Mallia is a director of United Super Pty Limited which acts as Trustee of CBus.

No other officer or employee of the Union acts:

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

Number of members

There were 24,190 members of the Union as at 31 March 2019 (2018: 21,669).

Number of employees

As at 31 March 2019 the Union had 45 full-time equivalent employees (2018: 47).

Signed in accordance with a resolution of the Committee of Management:



Darren Greenfield
Secretary

19 July 2019

Sydney

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Committee of Management Statement

For the year ended 31 March 2019

On 19 July 2019 the Committee of Management of the Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 March 2019:

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the 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 year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the 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) where the organisation consists of two or more reporting units, the financial records of the reporting unit, have been kept, as far as practicable, in a manner consistent with each of the reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act it has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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



Darren Greenfield
Secretary

19 July 2019
Sydney

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

| | Note | 2019 \$ | 2018 \$ |
|--------------------------------------------------------------|------|------------------|------------------|
| Revenue | 3 | 16,282,703 | 12,757,134 |
| Other income | 3 | 2,303,362 | 1,695,479 |
| Income from equity accounted investments | 17 | 4,015 | 4,383 |
| Employee benefits expense | 4 | (7,438,115) | (7,136,914) |
| Fines and penalties | 4 | (326,500) | (1,573,550) |
| Forgiveness of related party receivable | 4 | - | (1,041,037) |
| Capitation fees | 4 | (1,144,539) | (1,004,702) |
| Property expenses | | (827,001) | (825,609) |
| Legal costs | 4 | (758,266) | (940,864) |
| Donations | 4 | (504,827) | - |
| Bad debts expense | | (415,599) | (337,405) |
| Levies | 4 | (298,024) | (378,340) |
| Picnic expenses | | (268,994) | (207,237) |
| Motor vehicle expenses | | (260,636) | (306,123) |
| Travel and accommodation costs | | (234,423) | (133,224) |
| Distribution and printing expenses | | (183,090) | (152,696) |
| Depreciation and amortisation expense | 8(a) | (182,478) | (197,592) |
| Postage expense | | (130,683) | (153,534) |
| Communications expense | | (129,537) | (93,809) |
| Insurance expenses | | (108,419) | (177,232) |
| Advertising and promotion expenses | | (98,058) | (147,899) |
| Affiliation fees | 4 | (29,676) | (27,639) |
| Contributions to CFMMEU C&G National Office | 4 | (25,952) | (237,788) |
| Other expenses | | (485,599) | (349,836) |
| Result for the year | | 4,739,664 | (966,034) |
| Other comprehensive income: | | | |
| Changes in fair value of available-for-sale financial assets | | - | 2,898 |
| Total comprehensive income for the year | | 4,739,664 | (963,136) |

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Balance Sheet

As at 31 March 2019

| | Note | 2019 \$ | 2018 \$ |
|----------------------------------|-------|-------------------|--------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 11,150,148 | 3,685,866 |
| Trade and other receivables | 6 | 698,263 | 533,559 |
| Other financial assets | 7 | 437,707 | 625,381 |
| TOTAL CURRENT ASSETS | | 12,286,118 | 4,844,806 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 6 | - | - |
| Investment in associates | 17 | 17,471 | 13,456 |
| Investment in joint venture | 18 | - | - |
| Property, plant and equipment | 8 | 672,720 | 387,681 |
| TOTAL NON-CURRENT ASSETS | | 690,191 | 401,137 |
| TOTAL ASSETS | | 12,976,309 | 5,245,943 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 7,313,727 | 4,323,945 |
| Employee benefits | 11 | 2,540,882 | 2,594,806 |
| Other liabilities | 10 | 69,526 | 27,497 |
| TOTAL CURRENT LIABILITIES | | 9,924,135 | 6,946,248 |
| NON-CURRENT LIABILITIES | | | |
| Employee benefits | 11 | 57,652 | 44,837 |
| TOTAL LIABILITIES | | 9,981,787 | 6,991,085 |
| NET ASSETS/(LIABILITIES) | | 2,994,522 | (1,745,142) |
| EQUITY | | | |
| Reserves | 12(a) | - | 8,226 |
| Retained earnings | | 2,994,522 | (1,753,368) |
| TOTAL EQUITY | | 2,994,522 | (1,745,142) |

The accompanying notes form part of these financial statements.

**Construction Forestry Maritime Mining and Energy Union Construction and General
Division New South Wales Divisional Branch**

Statement of Changes in Equity

For the year ended 31 March 2019

| | Retained Earnings \$ | Financial Assets Reserve \$ | Total \$ |
|---------------------------------|----------------------------|--------------------------------------|--------------------|
| Balance at 31 March 2018 | (1,753,368) | 8,226 | (1,745,142) |
| Transfer on adoption of AASB 9 | 8,226 | (8,226) | - |
| Balance at 1 April 2018 | (1,745,142) | - | (1,745,142) |
| Result for the year | 4,739,664 | - | 4,739,664 |
| Balance at 31 March 2019 | 2,994,522 | - | 2,994,522 |
| | | | |
| Balance at 1 April 2017 | (787,334) | 5,328 | (782,006) |
| Result for the year | (966,034) | - | (966,034) |
| Other comprehensive income | - | 2,898 | 2,898 |
| Balance at 31 March 2018 | (1,753,368) | 8,226 | (1,745,142) |

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Statement of Cash Flows

For the year ended 31 March 2019

| | Note | 2019 \$ | 2018 \$ |
|------------------------------------------------|-------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from customers and contributions | | 20,164,445 | 16,237,236 |
| Payments to suppliers and employees | | (12,410,680) | (13,374,556) |
| Interest received | | 31,981 | 10,652 |
| Net cash provided by operating activities | 22(a) | 7,785,746 | 2,873,332 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Payments for plant and equipment | | (529,058) | (58,770) |
| Proceeds from sale of plant and equipment | | 19,920 | 7,727 |
| Net (payments for)/proceeds from term deposits | | 187,674 | (329,700) |
| Net cash used by investing activities | | (321,464) | (380,743) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Net cash provided by financing activities | | - | - |
| Net increase in cash and cash equivalents held | | 7,464,282 | 2,492,589 |
| Cash and cash equivalents at beginning of year | | 3,685,866 | 1,193,277 |
| Cash and cash equivalents at end of year | 5 | 11,150,148 | 3,685,866 |

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies

(a) Basis of preparation

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

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

(b) Comparative figures

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

When the Union applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a balance sheet as at the beginning of the earliest comparative period will be presented.

(c) Principles of consolidation

Joint arrangements

AASB 11 *Joint Arrangements* defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch has determined that it has only joint ventures.

Joint ventures

Joint ventures are those joint arrangements which provide the venturer with right to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method in accordance with AASB 128 *Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the venturer's share of losses of a joint venture equals or exceeds its interest in the joint venture, the venturer discontinues recognising its share of further losses.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(c) Principles of consolidation (continued)

The venturer's share in the joint ventures gains or losses arising from transactions between a venturer and its joint venture are eliminated.

Adjustments are made to the joint ventures accounting policies where they are different from those of the venturer for the purpose of the consolidated financial statements.

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

(d) Property, plant and equipment

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

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

Depreciation

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

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

| Fixed asset class | Depreciation rate |
|----------------------------------|--------------------------|
| Furniture, Fixtures and Fittings | 9 - 20% |
| Motor Vehicles | 20% |

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

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments

Accounting policies applied from 1 April 2018

Financial instruments are recognised initially on the date that the Union becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Union classifies its financial assets into the following categories, those measured at:

- amortised cost; or
- fair value through profit or loss (FVTPL).

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Impairment of financial assets

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

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

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

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

- the other party is unlikely to pay its credit obligations to the Union in full, without recourse to the Union to actions such as realising security (if any is held); or
- the financial assets is more than 6 months past due.

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

Trade receivables

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

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

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

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

Other financial assets measured at amortised cost

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

Financial liabilities

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

The financial liabilities of the Union comprise trade payables.

Accounting policies applied prior to 1 April 2018

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

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Union's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Union renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Union does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Union's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Union's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Union's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period the Union assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the 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 financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Impairment of Financial Assets (continued)

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(f) Cash and cash equivalents

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

(g) Employee benefits

(i) Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(ii) Short-term obligations

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

(iii) Other long-term employee benefit obligations

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

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(g) Employee benefits (continued)

(iii) Other long-term employee benefit obligations (continued)

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

(h) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(i) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Union and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Sale of goods

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the Union 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 Union.

Membership subscriptions

Revenue in relation to membership subscriptions is recognised on an accruals basis and is recorded as revenue in the year to which it relates.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(i) Revenue and other income (continued)

Interest revenue

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

Other income

Other income is recognised on an accrual basis when the Union is entitled to it.

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

(j) Funds held in trust

From time to time the Union will collect voluntary contributions from members, employers and other sources for furtherance of particular purposes, such as an appeal for the benefit of a member or the members as a group. For accounting purposes, these transactions are not treated as revenue as the Union is only operating as a facilitator to co-ordinate and collect funds for such appeals. Accordingly, all unspent/untransferred monies have been credited to the "Funds held in trust" account, as referred to in note 10.

(k) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(l) Going concern

The Union has agreed to provide financial support the Construction Forestry Mining and Energy Union (New South Wales Branch) Construction and General Division ("the State Registered Union") to ensure it can continue on a going concern basis.

The agreed financial support is to continue indefinitely. This is under an interest free arrangement with repayments, if any, to be made as required. During the year ended 31 March 2019, no payments in relation to financial support were made to the State Registered Union. The agreement is also reciprocated by the State Registered Union, if required, however the Union is currently not reliant on this financial support to continue on a going concern basis.

(m) Change in accounting policy

During the current year, AASB 9 Financial Instruments has become mandatory, which has not had a material impact (in the current year or retrospectively) upon the measurement of assets, liabilities, equity, income or expenses, nor upon the disclosures required in this financial report.

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 31 March 2019 is reflected in note 23.

(n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Union has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Union where the standard is relevant:

AASB 16 Leases

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation-115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The Union plans to adopt AASB 16 for the year ending 31 March 2020 using the modified retrospective method.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(n) New Accounting Standards and Interpretations (continued)

AASB 16 Leases (continued)

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

At this stage, the Union is not able to estimate the impact of the new rules on the Union's financial statements. The Union will make more detailed assessments of the impact over the next twelve months.

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from contracts with customers

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Union plans to adopt AASB 15 for the year ending 31 March 2020 using the modified retrospective method.

At this stage, the Union is not able to estimate the impact of the new rules on the Union's financial statements. The Union will make more detailed assessments of the impact over the next twelve months.

(o) Income tax

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

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

1 Summary of Significant Accounting Policies (continued)

(p) Related party disclosures

Related party disclosures in this financial report are presented on an accrual basis. Whilst the financial records of the Union have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation, the balances and transactions reported in this financial report may differ to those recorded in the financial report of the counterparty reporting unit. This may arise due to timing differences in the respective recordkeeping of the related reporting units, for example, in the receipt of payments, correspondence in transit or the alternative categorisation of balances/transactions.

From time-to-time, the National Office of the Construction & General Division of the CFMMEU (“the National Office”) coordinates various administrative activities on behalf of the Union. This includes the collation of certain costs, which are apportioned to the appropriate branches and invoiced in full. Accordingly, with the National Office merely being the facilitator of such transactions between the Union and independent third parties (and there is no profit component in recharging these costs), these are not considered to be related party expenditures of the Union and hence are not required to be disclosed. Notwithstanding this, the transfer of funds to meet these obligations remain related party transactions, and accordingly have been disclosed in the related party cash flows reported at note 22. Additionally, any amounts outstanding as at balance date between related parties have been disclosed at notes 6 or 9.

(q) 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.

2 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Union assesses impairment at the end of each reporting period by evaluating conditions specific to the Union that may be indicative of impairment triggers.

Key estimates - useful lives of depreciable assets

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

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

2 Critical Accounting Estimates and Judgments (continued)

Key estimates - employee entitlements

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

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

3 Revenue and other income

| | 2019 | 2018 |
|-----------------------------------------------------------------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Revenue from continuing operations | | |
| - Membership subscriptions | 13,750,456 | 11,436,567 |
| - Fighting Levy - Compulsory | 1,664,633 | 253,150 |
| - Defend the Union National Campaign Levy - Compulsory | 298,024 | 278,340 |
| - EBA services | 295,908 | 243,709 |
| - Promotion and advertising reimbursements | 199,019 | 184,763 |
| - Attendance fees | 67,824 | 56,384 |
| - Fighting fund receipts | 6,839 | 40,154 |
| - Safety dinner | - | 114,067 |
| - Grants | - | 150,000 |
| | <u>16,282,703</u> | <u>12,757,134</u> |
| Other revenue | | |
| - Shared service agreement and distributions | 1,084,912 | 933,761 |
| - Reduction in prior year provision for fines expense via RO Act or the Fair Work Act 2009 | 377,250 | - |
| - Other income | 205,572 | 114,342 |
| - Rent received | 177,685 | 300,673 |
| - Merchandise sales | 169,186 | 69,869 |
| - Investment income | 31,981 | 10,652 |
| - Gain on disposal of assets | - | 8,682 |
| - Direct advertising | 256,776 | 257,500 |
| | <u>2,303,362</u> | <u>1,695,479</u> |

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

4 Result for the period

The result for the period includes the following specific expenses

| | Note | 2019 \$ | 2018 \$ |
|-----------------------------------------------------------------------------|------|-------------------------|-------------------------|
| Employee benefits expense comprises: | | | |
| <i>Holders of office:</i> | | | |
| - Wages and salaries | | 564,333 | 633,338 |
| - Superannuation | | 97,954 | 105,002 |
| - Leave and other entitlements | | 146,458 | 143,704 |
| - Separation and redundancies | | 37,380 | 47,346 |
| - Other employee expenses (Including payroll tax and fringe benefit taxes) | | 44,302 | 61,673 |
| | | <u>890,427</u> | <u>991,063</u> |
| <i>Employees other than office holders:</i> | | | |
| - Wages and salaries | | 4,373,246 | 4,135,254 |
| - Superannuation | | 919,969 | 808,364 |
| - Leave and other entitlements | | 797,126 | 748,923 |
| - Separation and redundancies | | 114,029 | 110,159 |
| - Other employee expenses (including payroll tax and fringe benefits taxes) | | 343,318 | 343,151 |
| | | <u>6,547,688</u> | <u>6,145,851</u> |
| Total employee benefits expense | | <u><u>7,438,115</u></u> | <u><u>7,136,914</u></u> |
| Other expenses: | | | |
| Capitation fees paid to CFMMEU C&G National Office | | <u>1,144,539</u> | <u>1,004,702</u> |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

4 Result for the period (continued)

The result for the period includes the following specific expenses (continued)

| | 2019 | 2018 |
|------------------------------------------------------------------------------------------------|----------------|----------------|
| Note | \$ | \$ |
| Affiliation fees | | |
| Building Workers International | 23,962 | 18,955 |
| CRUMA | 100 | 100 |
| Sydney Alliance | 5,494 | 5,391 |
| Unions NSW - May Day | - | 500 |
| Workers Educational Association | - | 68 |
| Workers Health Centre | - | 2,625 |
| Horishima Day Committee | 120 | - |
| | <u>29,676</u> | <u>27,639</u> |
| Net loss on disposal of property, plant and equipment | 41,621 | - |
| Forgiveness of related party receivable from State-registered Union | - | 1,041,037 |
| Compulsory Levy - Defend the Union National Campaign Levy - paid to CFMMEU National Office | - | 100,000 |
| Compulsory Levy - Defend the Union National Campaign Levy - paid to CFMMEU C&G National Office | - | 278,340 |
| Compulsory Levy - National campaign levy paid to CFMMEU C&G National Office | 298,024 | - |
| Total compulsory levies | <u>298,024</u> | <u>378,340</u> |
| Conference and meeting expenses | 1,316 | 14,069 |
| Donations - greater than \$1,000 | 504,827 | - |
| Penalties - via RO Act or RO Regulations | 326,500 | 1,573,550 |
| Legal fees contribution paid to CFMMEU C&G National office | 25,952 | 79,531 |
| ABCC Campaign contribution paid to CFMMEU C&G National office | - | 101,232 |
| Penalty contribution paid to CFMMEU C&G National office | - | 57,025 |
| | <u>25,952</u> | <u>237,788</u> |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

4 Result for the period (continued)

The result for the period includes the following specific expenses (continued)

| | Note | 2019 \$ | 2018 \$ |
|-----------------------------------|------|----------------|----------------|
| Legal costs - litigation | | 749,431 | 917,565 |
| Legal costs - other legal matters | | 8,835 | 23,299 |
| | | <u>758,266</u> | <u>940,864</u> |

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

5 Cash and cash equivalents

| | | | |
|--------------|--|-------------------|------------------|
| Cash at bank | | 11,141,148 | 3,679,851 |
| Cash on hand | | 9,000 | 6,015 |
| | | <u>11,150,148</u> | <u>3,685,866</u> |

6 Trade and other receivables

| | | | |
|---------------------------------------------------|------|----------------|----------------|
| CURRENT | | | |
| Trade receivables | | 1,006,570 | 370,258 |
| Less: Allowance for unexpected credit losses | 6(a) | (516,195) | (100,596) |
| Prepayments | | 81,001 | 74,003 |
| Related party receivable - State Registered Union | | 24,774 | 63,048 |
| Other receivables | | 102,113 | 126,846 |
| | | <u>698,263</u> | <u>533,559</u> |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

6 Trade and other receivables (continued)

| | 2019 | 2018 |
|--------------------------------------|-----------|-----------|
| | \$ | \$ |
| NON-CURRENT | | |
| Loan - Comet Training Trust | 362,544 | 362,544 |
| Provision for expected credit losses | (362,544) | (362,544) |
| | <u>-</u> | <u>-</u> |

The Union had previously advanced funds to an associate, the Comet Training Trust. The funds advanced have no set repayment date, with the timing of cash flows uncertain and dependent on the profitability of the associate. Each balance date an assessment of the recoverable amount is performed, with any excess over the carrying value provided for and charged to the statement of comprehensive income, thus ensuring that the carrying value does not exceed its recoverable amount.

(a) Impairment of receivables

The Union applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 March 2019 is determined as follows, the expected credit losses incorporate forward looking information.

| 31 March 2019 | Current | > 30 days overdue | > 90 days overdue | Total |
|----------------------------|---------|----------------------|----------------------|-----------|
| Expected loss rate (%) | 10.00 | 46.00 | 100.00 | - |
| Gross carrying amount (\$) | 3,217 | 902,759 | 100,594 | 1,006,570 |
| ECL provision | 322 | 415,279 | 100,594 | 516,195 |

(b) Receivables from other reporting units

| | 2019 | 2018 |
|----------------------------------------------|---------------|---------------|
| | \$ | \$ |
| Receivable from State registered Union | 24,774 | 63,048 |
| Less provision for doubtful debts | | |
| State registered Union | - | - |
| Receivables from other reporting units (net) | <u>24,774</u> | <u>63,048</u> |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

6 Trade and other receivables (continued)

(c) Credit risk - Trade and Other Receivables

The following table details the Union's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Union and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Union.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

| | Gross amount \$ | Past due and impaired \$ | Past due but not impaired (days overdue) | | Within initial trade terms \$ |
|----------------------------|-----------------------|-----------------------------------|------------------------------------------------|----------------|-------------------------------------------|
| | | | > 30 \$ | > 90 \$ | |
| 2019 | | | | | |
| Trade and term receivables | 1,006,570 | 516,195 | 487,480 | - | 2,895 |
| Other receivables | 126,887 | - | - | - | 126,887 |
| | 1,133,457 | 516,195 | 487,480 | - | 129,782 |
| 2018 | | | | | |
| Trade and term receivables | 370,258 | 100,596 | 3,156 | 247,439 | 19,067 |
| Other receivables | 189,894 | - | - | - | 189,894 |
| | 560,152 | 100,596 | 3,156 | 247,439 | 208,961 |

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

**Construction Forestry Maritime Mining and Energy Union Construction and General
Division New South Wales Divisional Branch**

Notes to the Financial Statements

For the year ended 31 March 2019

7 Other financial assets

| | 2019 | 2018 |
|--------------------------------------------------------------|----------------|----------------|
| | \$ | \$ |
| Available for sale assets | | |
| Listed shares - fair value | - | 11,834 |
| Held to maturity financial assets | | |
| Term deposits | - | 613,547 |
| Financial assets at amortised cost | | |
| Term deposits | 425,227 | - |
| Financial assets at fair value through profit or loss | | |
| Listed shares - fair value | 12,480 | - |
| | <u>437,707</u> | <u>625,381</u> |

8 Property, plant and equipment

| | | |
|--------------------------------------------|----------------|----------------|
| Furniture, fixture and fittings | | |
| At cost | 149,852 | 1,534,891 |
| Accumulated depreciation | (44,876) | (1,388,822) |
| Total furniture, fixture and fittings | <u>104,976</u> | <u>146,069</u> |
| Motor vehicles | | |
| At cost | 1,188,275 | 920,919 |
| Accumulated depreciation | (620,531) | (679,307) |
| Total motor vehicles | <u>567,744</u> | <u>241,612</u> |
| Total property, plant and equipment | <u>672,720</u> | <u>387,681</u> |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

8 Property, plant and equipment (continued)

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

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

| | Furniture, Fixtures and Fittings \$ | Motor Vehicles \$ | Total \$ |
|---------------------------------------|-------------------------------------------------|-------------------------|----------------|
| Year ended 31 March 2019 | | | |
| Balance at the beginning of year | 146,069 | 241,612 | 387,681 |
| Additions | 50,049 | 479,009 | 529,058 |
| Disposals - written down value | (56,520) | (5,021) | (61,541) |
| Depreciation expense | (34,622) | (147,856) | (182,478) |
| Balance at the end of the year | 104,976 | 567,744 | 672,720 |
| Year ended 31 March 2018 | | | |
| Balance at the beginning of year | 142,745 | 383,758 | 526,503 |
| Additions | 58,770 | - | 58,770 |
| Depreciation expense | (55,446) | (142,146) | (197,592) |
| Balance at the end of the year | 146,069 | 241,612 | 387,681 |

9 Trade and other payables

| | 2019 \$ | 2018 \$ |
|---------------------------------------|------------------|------------------|
| Deposits | - | 16,333 |
| Sundry payables and accrued expenses | 2,939,412 | 481,194 |
| Fines payable | 1,522,800 | 1,573,550 |
| Payable to CFMMEU C&G National Office | 153,821 | 154,706 |
| Legal costs payable - Litigation | 241,409 | 489,147 |
| Legal costs payable - Other | - | 215 |
| Unearned income | 2,456,285 | 1,608,800 |
| | 7,313,727 | 4,323,945 |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

9 Trade and other payables (continued)

(a) Payables to other reporting entities:

| | 2019 | 2018 |
|-----------------------------------------------------------|---------|---------|
| | \$ | \$ |
| CFMMEU C&G National Office | 153,821 | 154,706 |
| Unions NSW | - | 1,100 |
| Australian Manufacturing Workers' Union | - | 120 |
| Australian Education Union NSW Teachers Federation Branch | 5,651 | - |

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

10 Other liabilities

| | | |
|-----------------------------------|---------------|---------------|
| Fund held in trust | 58,265 | 16,237 |
| Unexpended grants carried forward | 11,261 | 11,260 |
| | <u>69,526</u> | <u>27,497</u> |

11 Employee benefits

| | | |
|-----------------------------|------------------|------------------|
| CURRENT | | |
| Annual leave | 1,172,248 | 1,037,021 |
| Long service leave | 1,176,142 | 1,389,226 |
| Separation and redundancies | - | - |
| Other | 192,492 | 168,559 |
| | <u>2,540,882</u> | <u>2,594,806</u> |
| NON-CURRENT | | |
| Annual leave | - | - |
| Long service leave | 57,652 | 44,837 |
| Separation and redundancies | - | - |
| Other | - | - |
| | <u>57,652</u> | <u>44,837</u> |

**Construction Forestry Maritime Mining and Energy Union Construction and General
Division New South Wales Divisional Branch**

Notes to the Financial Statements

For the year ended 31 March 2019

11 Employee benefits (continued)

(a) **Total employee benefits attributable to:**

| | 2019 | 2018 |
|---------------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Office Holders: | | |
| Annual leave - current | 137,557 | 111,031 |
| Long service leave - current | 179,258 | 165,947 |
| Other - current | 33,611 | 20,539 |
| | <u>350,426</u> | <u>297,517</u> |
| Employees other than office holders: | | |
| Annual leave - current | 1,034,691 | 925,990 |
| Long service leave - current | 996,884 | 1,223,279 |
| Long service leave - non-current | 57,652 | 44,837 |
| Other - current | 158,881 | 148,020 |
| | <u>2,248,108</u> | <u>2,342,126</u> |
| Total employee benefits | <u><u>2,598,534</u></u> | <u><u>2,639,643</u></u> |

12 Reserves

(a) **Financial asset reserve**

Change in the fair value of available for sale investments are recognised in other comprehensive income - financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

See note 23 for change in accounting policy from 1 April 2018.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

13 Capital and leasing commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

| | Note | 2019 \$ | 2018 \$ |
|-------------------------------------------------|------|------------|------------|
| Payable - minimum lease payments: | | | |
| - no later than 1 year - State Registered Union | | - | 433,333 |

Operating leases have been taken out for properties. Lease payments are adjusted on an annual basis to reflect market rentals.

14 Financial risk management

The main risks Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting equity price risk.

The Union's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 (2018: AASB 139) as detailed in the accounting policies to these financial statements, are as follows:

| | | | |
|-----------------------------------------------------|---|-------------------|------------------|
| Financial Assets | | | |
| Cash and cash equivalents | 5 | 11,150,148 | 3,685,866 |
| Trade and other receivables | 6 | 617,262 | 459,556 |
| Held-to-maturity investments | 7 | - | 613,547 |
| Financial assets as FVTPL | 7 | 12,480 | - |
| Financial assets at amortised cost | 7 | 425,227 | - |
| Available-for-sale financial assets - at fair value | 7 | - | 11,834 |
| Total financial assets | | 12,205,117 | 4,770,803 |
| Financial Liabilities | | | |
| Trade and other payables | 9 | 4,857,442 | 2,715,145 |

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

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

14 Financial risk management (continued)

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

Financial liability maturity analysis - Non-derivative

| | Within 1 year | | Total | |
|----------------------------------------------|---------------|-----------|-----------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ |
| Financial liabilities due for payment | | | | |
| Trade and other payables | 4,857,442 | 2,715,145 | 4,857,442 | 2,715,145 |

(i) Other price risk

The Union is not exposed to a material level of equity securities price risk. This risk arises from listed investments held by the Union and classified as fair value through profit or loss in the balance sheet.

The Union is not exposed to commodity price risk.

At reporting date, if the Australian Stock Exchange index had increased / decreased by 10.00% with all other variables held constant and all of the Union's equity instruments moved according to the historical correlation with the index, the impact on profit and equity is shown in the table below:

| | 2019 | | 2018 | |
|------------------|---------|---------|---------|---------|
| | +10.00% | -10.00% | +10.00% | -10.00% |
| ASX Index | | | | |
| Impact on profit | 1,248 | (1,248) | - | - |
| Impact on equity | - | - | 118 | (118) |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

14 Financial risk management (continued)

(ii) Credit risk

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

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

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

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

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

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

Net income and expense from Financial Assets

| | 2019 | 2018 |
|------------------------------------------|--------|--------|
| | \$ | \$ |
| Held-to-maturity | | |
| Interest revenue | 31,981 | 10,652 |
| Available for sale | | |
| Gain recognised in equity | - | 2,898 |
| Fair value through profit or loss | | |
| Gain recognised in profit or loss | 646 | - |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

15 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch during the year are as follows:

| | 2019 | 2018 |
|---------------------------------------|------------------|----------------|
| | \$ | \$ |
| Short-term employee benefits: | | |
| Salary (including annual leave taken) | 801,678 | 797,140 |
| Annual leave accrued | 56,143 | 53,411 |
| | <u>857,821</u> | <u>850,551</u> |
| Post-employment benefits: | | |
| Superannuation | 103,189 | 105,002 |
| Other long-term benefits | | |
| Long service leave | 23,531 | (73,508) |
| Termination benefits | 45,912 | 47,345 |
| | <u>1,030,453</u> | <u>929,390</u> |

16 Auditor's remuneration

Remuneration of the auditor of the Union, Daley

Audit, for:

- financial Statement audit services

| | |
|--------|--------|
| 29,800 | 31,000 |
|--------|--------|

17 Interests in Associates

Aggregate information for associates that are not individually material

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch has interests in one associate, being UPlus, which is not considered individually material. The table below summarises the financial information.

| | | |
|---------------------------------------------------------------------------------|---------------|---------------|
| Carrying amount of investments in associates that are not individually material | <u>17,471</u> | <u>13,456</u> |
| Share of those associates: | | |
| Profit or loss from continuing operations | <u>4,015</u> | <u>4,383</u> |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

18 Interests in Joint Ventures

The Union has joint control over the Comet Training Trust. The carrying value of this investment at 31 March 2019 is \$Nil (31 March 2018: \$Nil).

19 Fair Value Measurement

The Union measures Financial assets - Listed Shares at fair value on a recurring basis:

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the company:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------------|---------|---------|---------|--------|
| 2019 | \$ | \$ | \$ | \$ |
| Recurring fair value measurements | | | | |
| Financial assets | | | | |
| Listed shares | 12,480 | - | - | 12,480 |
| | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| 2018 | \$ | \$ | \$ | \$ |
| Recurring fair value measurements | | | | |
| Financial assets | | | | |
| Listed shares | 11,834 | - | - | 11,834 |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

20 Contingent liabilities

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch had the following contingent liabilities at the end of the reporting period:

There are five (5) matters before Federal courts in which the ABCC is claiming the Union and/or its officials contravened the Fair Work Act 2009 and/or the Building and Construction Industry (Improving Productivity) Act 2016 as a result of alleged incidents on construction sites. It is uncertain if and to what extent these claims against the Union by the ABCC will be upheld and what court orders may be made against or in favour of the Union. The fines and ultimate outcomes of these claims (individually and collectively) cannot be measured reliably.

The Union has no guarantees in respect of guarantees to third parties arising out of normal business at 31 March 2019 (2018: \$325,000).

21 Related party transactions

Related Parties

(a) Key management personnel

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

For details of disclosures relating to key management personnel, refer to Note 15: Key Management Personnel Remuneration.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

21 Related party transactions (continued)

(b) Transactions with related parties

Other transactions and/or balances with related parties are disclosed at notes 4, 6 and 9 .

The following transactions occurred with related parties:

(i) Income

| | 2019 | 2018 |
|-----------------------------------------------------------------|-----------|---------|
| | \$ | \$ |
| Distribution and service fees from UPlus | 1,084,912 | 933,761 |
| CFMMEU C&G National - Travel | 15,378 | 12,683 |
| CFMMEU C&G National - Sundry | 43,062 | 37,419 |
| CFMMEU C&G ACT - Sundry | - | 1,888 |
| CFMMEU Manufacturing Division (formerly FFPD) - Rent | 51,990 | 35,557 |
| Grant received from entity controlled by State Registered Union | - | 150,000 |
| Comet Training Trust - Rent | - | 12,042 |
| Comet Training Trust - Director fees | - | 10,000 |

(ii) Capitation and other fees

| | | |
|---------------------------------------------------------------------|---------|---------|
| CFMMEU C&G National Office - Change the Rules Campaign donation | 249,915 | - |
| CFMMEU C&G National Office - National Campaign donation | 249,915 | - |
| CFMMEU C&G National Office - Claire Murray documentary contribution | 90,000 | - |
| CFMMEU C&G National Office - Sundry expenses | 4,355 | - |
| CFMMEU C&G National Office - Rent | 3,701 | 74,017 |
| State registered Union - Rent | 262,331 | 325,000 |
| Maritime Union of Australia donation | 4,998 | - |
| CFMMEU C&G ACT Branch - Staff expenses | 2,267 | - |
| CFMMEU C&G Western Australia Branch - Travel expenses | 5,514 | - |
| Australian Education Union NSW Teachers Federation Branch - Rent | 5,137 | - |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

21 Related party transactions (continued)

(iii) Trade and other payables:

| | 2019 | 2018 |
|------------------------------|------|-------|
| | \$ | \$ |
| Payable to UPlus Pty Limited | - | 5,000 |

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

22 Cash flow information

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

| | | |
|-------------------------------------------------------------------------|------------------|------------------|
| Result for the year | 4,739,664 | (966,034) |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit: | | |
| - depreciation | 182,478 | 197,592 |
| - loss/(gain) on disposal of plant and equipment | 41,621 | (8,682) |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | (161,721) | 1,574,142 |
| - (increase)/decrease in other assets | (6,998) | (174,196) |
| - increase/(decrease) in trade payables and other operating liabilities | 3,031,811 | 2,362,955 |
| - increase/(decrease) in provisions | (41,109) | (112,445) |
| Cashflow from operations | <u>7,785,746</u> | <u>2,873,332</u> |

(b) Net cash flows from Reporting Units

Inflows

| | | |
|-----------------------------------------------|--------|--------|
| CFMMEU C&G ACT Branch | 10,000 | 2,077 |
| CFMMEU Manufacturing Division (formerly FFPD) | 62,399 | 40,013 |

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

22 Cash flow information (continued)

(c) Net cash flows to Reporting Units

| | 2019 | 2018 |
|---------------------------------------------|-------------|-------------|
| | \$ | \$ |
| Outflows | | |
| CFMMEU C&G ACT Branch | (2,494) | - |
| CFMMEU C&G National Office | (2,241,582) | (1,754,856) |
| CFMMEU C&G Western Australian Branch | (6,065) | - |
| CFMMEU Maritime Union of Australia Division | (4,998) | - |
| State Registered Union | (287,627) | (208,523) |

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

23 Change in Accounting Policy

AASB 9 *Financial Instruments* (AASB 9) replaces AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Union has applied AASB 9 retrospectively, with an initial application date of 1 April 2018. The Union has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in opening retained earnings and other components of equity as at 1 April 2018. The nature and effect of the changes as a result of adoption of AASB 9 are as follows:

| | 31 March | | |
|---------------------------------------------------------|----------------------|---------------------|--------------------|
| | Previously stated | 2018 Adjustments | Restated |
| | \$ | \$ | \$ |
| Balance Sheet | | | |
| Current assets | | | |
| Financial assets - held to maturity | 613,547 | (613,547) | - |
| Financial assets - available for sale | 11,834 | (11,834) | - |
| Financial assets - at amortised cost | - | 613,547 | 613,547 |
| Financial assets - at fair value through profit or loss | - | 11,834 | 11,834 |
| Total current assets | 4,844,806 | - | 4,844,806 |
| Total assets | 5,245,943 | - | 5,245,943 |
| Net assets / (liabilities) | (1,745,142) | - | (1,745,142) |
| Equity | | | |
| Reserves | 8,226 | (8,226) | - |
| Retained earnings/(accumulate losses) | (1,753,368) | 8,226 | (1,745,142) |
| Total equity | (1,745,142) | - | (1,745,142) |

(a) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Union's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Union's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

23 Change in Accounting Policy (continued)

(a) Classification and measurement (continued)

The classification and measurement requirements of AASB 9 did not have a significant impact to the Union regarding:

- Trade receivables and other non-current financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.
- Term deposits which did not meet the definition of cash and cash equivalents under AASB 107, were classified and measured as held-to-maturity and are now classified and measured as financial assets at amortised cost.
- Listed equity investments previously classified as AFS financial assets are now classified and measured as financial assets at fair value through profit or loss.

As a result of the change in classification of the Union's listed equity investments, the AFS reserve of \$8,226 related to those investments that were previously presented under accumulated OCI, was reclassified to retained earnings as at 1 April 2018.

The Union has designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Union's financial liabilities.

(b) Impairment loss

The adoption of AASB 9 has fundamentally changed the Union's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach. AASB 9 requires the Union to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVOCI.

Upon adoption of AASB 9 the Union was not required to recognise any additional impairment on the trade receivables as at 1 April 2018.

24 Events after the end of the Reporting Period

There were no events that occurred after 31 March 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the year ended 31 March 2019

25 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or the Commissioner:

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

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Officer Declaration Statement

For the year ended 31 March 2019

I, Darren Greenfield, being the Secretary of the Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch, declare that the following activities did not occur during the reporting period ending 31 March 2019.

The reporting unit did not:

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

Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Officer Declaration Statement

For the year ended 31 March 2019

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



Darren Greenfield
Secretary

19 July 2019

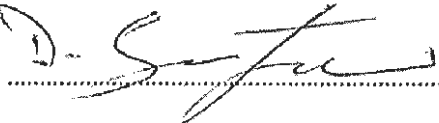
Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Report required under subsection 255(2A)

For the year ended 31 March 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 March 2019.

| | 2019 \$ | 2018 \$ |
|-----------------------------------------------------------------------------|------------|------------|
| Remuneration and other employment-related costs and expenses - employees | 7,438,115 | 7,136,914 |
| Advertising | 98,058 | 147,899 |
| Operating Costs | 5,331,867 | 6,999,760 |
| Donations to political parties | - | - |
| Legal costs | 758,266 | 940,864 |



Darren Greenfield
Secretary

19 July 2019



Independent Audit Report to the members of Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch (the Union), which comprises the balance sheet as at 31 March 2019, 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 ended 31 March 2019, notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial presents fairly, in all material aspects, the financial position of the Union as at 31 March 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for Opinion

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

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

Information Other than the Financial Report and Auditors Report Thereon

The committee of managements are responsible for the other information. The other information obtained at the date of this auditor's report is included in the operating report accompanying the financial report.

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

Wollongong

PO Box 333
Wollongong NSW 2520
☎ 02 4229 6477
✉ wollongong@daley.com.au

Bowral

PO Box 1032
Bowral NSW 2576
☎ 02 4862 1082
✉ bowral@daley.com.au

Sydney

PO Box 903
Sydney NSW 2001
☎ 02 8236 8177
✉ sydney@daley.com.au

daley.com.au

ABN 43 152 844 291
Liable limited by a
Johanna approved under
Professional Standards
regulation





Independent Audit Report to the members of Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The committee of management of the Union are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the committee of management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.
- Conclude on the appropriateness of the committee of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.



Independent Audit Report to the members of Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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


Daley Audit


Stephen Milgate
Partner

Wollongong
19 July 2019

Registration Number (as registered by the RO Commissioner under the RO Act): AA2017/127

Liability limited by a Scheme approved under Professional Standards Legislation.