10 October 2019

Michael O'Connor
National Secretary / Divisional Secretary
Construction, Forestry, Maritime, Mining and Energy Union - Manufacturing Division

Sent via email: moconnor@cfmeu.org
CC: ian.hinds@bglpartners.com.au

Dear Michael O'Connor,

Construction, Forestry, Maritime, Mining and Energy Union - Manufacturing Division Financial Report for the year ended 31 December 2018 – (FR2018/319)

I acknowledge receipt of the financial report of the Construction, Forestry, Maritime, Mining and Energy Union - Manufacturing Division. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 28 June 2019.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 December 2019 may be subject to an advanced compliance review.

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

General purpose financial report (GPFR)

Nil activities disclosure

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. The notes contained nil activity information for all prescribed RG categories except the following:

- Having another entity administer the financial affairs of the reporting unit (RG19); and
- Making a payment to a former related party of the reporting unit (RG20).

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

Auditor's report

Audit scope to include subsection 255(2A) report

A GPFR prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by RG 22.

The subsection 255(2A) report must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard *ASA 700 Forming an Opinion and Reporting on a Financial Report*.

A subsection 255(2A) report was included in the copy of the documents lodged with the ROC but the auditor did not refer to the statement in the auditor's report.

Please ensure in future years that the subsection 255(2A) report is audited before provided to members and lodged with the ROC.

Reporting Requirements

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

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

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours faithfully

Kylie Ngo
Registered Organisations Commission

CFMEU MANUFACTURING

CFMEU Manufacturing Division
National Office
540 Elizabeth Street
MELBOURNE VIC 3000
Phone: (03) 9274 9200
Fax: (03) 9274 9284
Freecall: 1800 060 556

Certificate of the prescribed designated officer for the year ended 31 December 2018
- s.268 *Fair Work (Registered Organisations) Act 2009*

Certificate By Prescribed Designated Officer

Certificate for the year ended 31 December 2018

I, Michael O'Connor, being the Divisional Secretary of the Construction, Forestry, Maritime, Mining and Energy Union – Manufacturing Division certify:

- that the documents lodged herewith are copies of the full report for the Construction, Forestry, Maritime, Mining and Energy Union – Manufacturing Division for the year ended 31 December 2018 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and

- that the full report was provided to members of the reporting unit on 28 June 2019; and

- that the full report was presented to a meeting of the committee of management of the reporting unit on 28 June 2019 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:

Name of prescribed designated officer: Michael O'Connor

Title of prescribed designated officer: Divisional Secretary, Construction Forestry Maritime Mining and Energy Union – Manufacturing Division

Dated: 28 June 2019

CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION MANUFACTURING DIVISION

ABN 34 183 611 895
AND CONTROLLED ENTITY

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

CFMEU

CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION MANUFACTURING DIVISION

ABN 34 183 611 895
AND CONTROLLED ENTITY

TABLE OF CONTENTS

This financial report covers both the Construction, Forestry, Maritime, Mining and Energy Union Manufacturing Division (formerly Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division) as an individual entity and the controlled entity consisting of the Construction, Forestry, Maritime, Mining and Energy Union Manufacturing Division (formerly Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division) and its subsidiary.

The financial report is presented in the Australian currency.

The principal place of business is:
Construction, Forestry, Maritime, Mining and Energy Union Manufacturing Division
540 Elizabeth Street
MELBOURNE VIC 3000

The financial report was authorised for issue by the Divisional Executive on 28 June 2019.

CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION MANUFACTURING DIVISION ABN 34 183 611 895 AND CONTROLLED ENTITY

OPERATING REPORT

Your Committee present their report on the Construction, Forestry, Maritime, Mining and Energy Union Forestry, Furnishing, Manufacturing Division (formerly Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division) and its controlled entity ("the union") for the financial year ended 31 December 2018.

Members of Divisional Executive:

The names of the Divisional Executive in office at any time during or since the end of the financial year are:

Name	*Position*
Jane Calvert (resigned 3 May 2018)	Manufacturing Division - Divisional President
Denise Campbell-Burns (appointed 9 May 2018)	Manufacturing Division - Divisional President
Michael O'Connor	Manufacturing Division - Divisional Secretary
Michele O'Neil (from 28 March – 17 July 2018)	Manufacturing Division – TCF National Secretary
Jenny Kruschel (from 16 December 2018)	Manufacturing Division – TCF National Secretary
Leo Skourdoumbis	Manufacturing Division - Divisional Senior Assistant Secretary
Alex Millar	Manufacturing Division - Divisional Assistant Secretary
Frank Vari	Manufacturing Division - Divisional Assistant Secretary
Craig Smith	Manufacturing Division - Divisional Senior Vice President
Beth Macpherson (from 28 March 2018)	Manufacturing Division – Divisional Senior Vice President TCF
David Kirner	Manufacturing Division - Divisional Vice President
Bradley Coates	Manufacturing Division - Divisional Vice President
Jenny Kruschel (from 28 March – 17 July 2018)	Manufacturing Division – TCF Vic District Assistant Secretary
Jenny Kruschel (from 17 July – 16 December 2018)	Manufacturing Division – TCF Vic District Secretary
Beth Macpherson (from 28 March 2018)	Manufacturing Division – TCF Victorian District President
Beth Macpherson (from 17 July 2018)	Manufacturing Division – TCF Vic District Assistant Secretary
Kim Mason	Manufacturing Division – Divisional Executive Member
Cliff Palmer	Manufacturing Division – Divisional Executive Member
Andrew Vendramini	Manufacturing Division – Divisional Executive Member
Denise Campbell-Burns (resigned 9 May 2018)	Manufacturing Division – Divisional Executive Member
Scott McLean	Manufacturing Division – Divisional Executive Member
Terry Bennier	Manufacturing Division – Divisional Executive Member
Willie Kawai	Manufacturing Division – Divisional Executive Member
Nathan Milner	Manufacturing Division – Divisional Executive Member
Anthony Pavey	Manufacturing Division – Divisional Executive Member
Nguyet Nguyen	Manufacturing Division –Divisional Executive Member TCF Sector
Geoff Gasperotti (from 9 May 2018)	Manufacturing Division – Divisional Executive Member
Christine Sutanto (from 28 March 2018)	Manufacturing Division –Divisional Executive Member TCF Sector
Mark Edwards (from 28 March – 14 September 2018)	Manufacturing Division –Divisional Executive Member TCF Sector

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

OPERATING REPORT (CONTINUED)

Review of Principal activities and results of operations

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

- Implementation of decisions of the Divisional Executive and National Conference;
- Implementation of the reporting unit's organising agenda, including direct assistance and strategic advice on particular industry sector or site organising projects, the training and development of officials and assistance to Districts for planning, resourcing and conducting campaigns.
- Industrial supporting including representation of membership grievances, research, interpretation and advice on legal and legislative matters, and advocacy before industrial tribunal;
- Facilitation of communication within and between the Districts including the National Journal and website;
- Pursuing relevant change to the conditions of eligibility rules of the union, and responding to other unions' rules applications where they impact on membership of Manufacturing Division;
- The interpretation and administration of Awards and Agreements, and making applications to vary Awards on behalf of Districts to upgrade or amend them;
- Management of information technology and strategic membership system designs to support organising;
- Involvement in lobbying and negotiations with different levels of Government and key industry organisations around issues of importance to Manufacturing Division members.

A review of the operations of consolidated group indicate that it continued to engage in its principal activity of representing members in industrial and other matters. In pursuing these activities, the union has sought to protect members through representation of individuals in grievances and disputes. In pursuing such, the union has initiated and activated legal and industrial action when appropriate.

Significant changes in state of affairs

On 6 March 2018 the Fair Work Commission approved the amalgamation of the Textile, Clothing and Footwear Union of Australia, the Construction, Forestry, Mining and Energy Union and The Maritime Union of Australia. The 27 of March 2018 has been fixed as the day on which the amalgamation will take effect. From that date, the CFMEU FFPD will operate under the new name of the Construction, Forestry, Maritime, Mining and Energy Union – Manufacturing Division, reflecting the amalgamation of the CFMEU FFPD and TCFUA. No other significant changes in the state of financial affairs of the consolidated group occurred during the financial year.

Union details

The number of full time equivalents employees of at 31 December 2018 was 43.9 (2017: 45.2).

The number of members of the union at 31 December 2018 was 14,824 (2017: 11,436).

OPERATING REPORT (CONTINUED)

Resignation from membership

Pursuant to the Union Rules and s174 of the *Fair Work (Registered Organisations) Act 2009*, a member may resign from membership by providing written notice addressed to and delivered to the Secretary of the Division or District of the Union.

A notice of resignation will take effect:

1) where the member ceases to be eligible to become a member of the Union:
   a) on the day on which the notice is received by the Union; or
   b) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to be a member;

   whichever is the later; or
2) in any other case:
   a) at the end of 2 weeks after the notice is received by the Union, or
   b) on the day specified in the notice;

   whichever is the later

Directorships of Superannuation Fund

To the best of our knowledge and belief, the following officers and employees of the union are superannuation fund trustee(s) or a director of a company that is a superannuation fund trustee:

Officer / Employee	Position	Trustee Company	Name of Superfund	Other
Alex Millar	Director	FIRST Superannuation Pty Ltd	FIRST Super	Officer of the union
Michael O'Connor	Director	FIRST Superannuation Pty Ltd	FIRST Super	Officer of the union
Frank Vari	Director	FIRST Superannuation Pty Ltd	FIRST Super	Officer of the union
Denise Campbell-Burns	Director	FIRST Superannuation Pty Ltd	FIRST Super	Officer of the union
Michele O'Neil (til 17/7/2018)	Alternate Director	Australian Superannuation Pty Ltd	Australian Super	Officer of the union

Apart from the above, to the best of our knowledge and belief, no officer or employee of the Union superannuation fund trustee(s) or a director of a company that is a superannuation fund trustee.

Signed in accordance with a resolution of the Divisional Executive:

Signature of designated officer:

Name of designated officer: Michael O'Connor

Title of designated officer: Construction Forestry Maritime Mining & Energy Union – Manufacturing Division Divisional Secretary

Dated: 28 June 2019

CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION
MANUFACTURING DIVISION
ABN 34 183 611 895
AND CONTROLLED ENTITY

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		$	$	$	$
Revenue from continuing operations	4	**5,319,377**	4,579,644	**5,319,377**	4,579,644
Other revenue	4	**3,574,249**	3,998,981	**3,573,215**	3,192,675
Administrative expenses		**(423,979)**	(410,634)	**(421,309)**	(410,456)
Affiliation fees	7	**(368,698)**	(405,762)	**(368,698)**	(405,762)
Depreciation		**(245,399)**	(248,753)	**(241,275)**	(239,360)
Campaign expenses		**(643,326)**	(1,034,091)	**(643,326)**	(1,034,091)
Communication - members		**(210,943)**	(69,202)	**(210,943)**	(69,202)
Conference and meetings		**(271,091)**	(154,882)	**(271,091)**	(154,882)
Legal and professional fees	8	**(345,096)**	(301,173)	**(339,781)**	(296,049)
Motor vehicle expenses		**(400,251)**	(241,530)	**(400,251)**	(241,530)
Occupancy expenses		**(526,739)**	(554,682)	**(502,409)**	(496,167)
Telephone expenses		**(94,317)**	(75,976)	**(94,317)**	(75,976)
Salaries and related expenses	9	**(7,946,681)**	(5,622,511)	**(7,946,681)**	(5,622,511)
Travel and accommodation expenses		**(640,741)**	(514,740)	**(640,741)**	(514,740)
Loss on disposal of assets		**(162,330)**	(53,885)	**(65,420)**	(53,885)
Impairment loss		**(15,325)**	(65,312)	**(14,852)**	(65,312)
		(12,294,916)	(9,753,133)	**(12,161,094)**	(9,679,923)
(Deficit) before income tax		**(3,401,290)**	(1,174,508)	**(3,268,502)**	(1,907,604)
Share of net profit of associates accounted for using the equity method		**25,267**	-	**25,267**	-
Income tax expense	6	**17,388**	(409,880)	**-**	-
(Deficit) attributable to members		**(3,358,635)**	(1,584,388)	**(3,243,235)**	(1,907,604)
Other comprehensive income		**-**	-	**-**	-
Total comprehensive (loss) for the year		**(3,358,635)**	(1,584,388)	**(3,243,235)**	(1,907,604)

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION
MANUFACTURING DIVISION
ABN 34 183 611 895
AND CONTROLLED ENTITY

BALANCE SHEETS
AS AT 31 DECEMBER 2018

	Notes	Consolidated Group		Parent Entity	
		2018 $	2017 $	2018 $	2017 $
ASSETS					
Current assets					
Cash and cash equivalents	10	**4,482,495**	2,494,920	**4,328,979**	2,493,380
Trade and other receivables	11	**1,369,647**	5,496,639	**1,395,767**	1,122,759
Other assets	12	**141,229**	177,195	**141,229**	177,195
Total current assets		**5,993,371**	8,168,754	**5,865,975**	3,793,334
Non-current assets					
Trade and other receivables	13	**179,950**	-	**179,950**	3,389,007
Financial assets	14	**223,371**	177,491	**215,946**	169,209
Property, plant and equipment	15	**5,115,052**	960,675	**4,886,800**	712,386
Deferred tax assets	19	**6,215**	-	**-**	-
Total non-current assets		**5,524,588**	1,138,166	**5,282,696**	4,270,602
Total assets		**11,517,959**	9,306,920	**11,148,671**	8,063,936
LIABILITIES					
Current liabilities					
Borrowings	16	**15**	857,342	**720,464**	857,342
Trade and other payables	17	**1,479,033**	1,299,100	**1,501,168**	1,294,561
Current tax liability		**398,707**	-	**-**	-
Employee benefit obligations	18	**2,267,677**	1,915,715	**2,267,677**	1,915,715
Total current liabilities		**4,145,432**	4,072,157	**4,489,309**	4,067,618
Non-current liabilities					
Deferred tax liabilities	19	**-**	409,880	**-**	-
Employee benefit obligations	18	**213,648**	98,040	**213,648**	98,040
Total non-current liabilities		**213,648**	507,920	**213,648**	98,040
Total liabilities		**4,359,080**	4,580,077	**4,702,957**	4,165,658
Net assets		**7,158,879**	4,726,843	**6,445,714**	3,898,278
MEMBERS' FUND					
Other funds	20	**2,638,617**	2,448,399	**2,638,617**	2,448,399
Retained profits	21	**4,520,262**	2,278,444	**3,807,097**	1,449,879
Total members' fund		**7,158,879**	4,726,843	**6,445,714**	3,898,278

The above balance sheets should be read in conjunction with the accompanying notes.

CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION
MANUFACTURING DIVISION
ABN 34 183 611 895
AND CONTROLLED ENTITY

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Other Funds $	Retained profits $	Total $
Consolidated Group			
Balance at 1 January 2017	3,038,860	3,272,371	6,311,231
(Deficit) for the year	-	(1,584,388)	(1,584,388)
Transfer to other funds	(590,461)	590,461	-
Balance at 31 December 2017	2,448,399	2,278,444	4,726,843
Balance at 1 January 2018	**2,448,399**	**2,278,444**	**4,726,843**
(Deficit) for the year	**-**	**(3,358,635)**	**(3,358,635)**
Reserves acquired via amalgamation	**-**	**5,790,671**	**5,790,671**
Transfer to other funds	**190,218**	**(190,218)**	**-**
Balance at 31 December 2018	**2,638,617**	**4,520,262**	**7,158,879**

	Other Funds $	Retained profits $	Total $
Parent Entity			
Balance at 1 January 2017	3,038,860	2,767,022	5,805,882
(Deficit) for the year	-	(1,907,604)	(1,907,604)
Transfer to reserve	(590,461)	590,461	-
Balance at 31 December 2017	2,448,399	1,449,879	3,898,278
Balance at 1 January 2018	**2,448,399**	**1,449,879**	**3,898,278**
(Deficit) for the year	**-**	**(3,243,235)**	**(3,243,235)**
Reserves acquired via amalgamation	**-**	**5,790,671**	**5,790,671**
Transfer to other funds	**190,218**	**(190,218)**	**-**
Balance at 31 December 2018	**2,638,617**	**3,807,097**	**6,455,714**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION
MANUFACTURING DIVISION
ABN 34 183 611 895
AND CONTROLLED ENTITY

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		$	$	$	$
Cash flows from operating activities					
Receipts from other reporting units	26(a)	**393,085**	272,650	**393,085**	272,650
Membership fees received		**5,759,920**	5,012,240	**5,759,920**	5,012,240
Receipts from controlled entities		**-**	-	**-**	-
Service contract fees received		**1,911,969**	1,938,960	**1,911,969**	1,938,960
Consultancy fees received		**253,279**	247,397	**253,279**	247,397
Grants and donations received		**654,214**	-	**654,214**	-
Other income		**953,313**	778,267	**952,929**	778,012
Payments to suppliers and employees		**(12,512,884)**	(8,927,660)	**(12,352,861)**	(8,854,925)
Payments to other reporting units	26(b)	**(1,591,945)**	(1,275,913)	**(1,591,945)**	(1,275,913)
Payments to controlled entities		**-**	-	**-**	-
Dividends/Distribution received		**1,184**	73,975	**710**	73,617
Interest received		**59,273**	38,621	**58,713**	38,619
Net cash (outflow) from operating activities	26(c)	**(4,118,592)**	(1,841,463)	**(3,959,987)**	(1,769,343)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**125,666**	105,558	**105,629**	105,558
Payment for property, plant and equipment		**(321,650)**	(366,183)	**(321,650)**	(366,183)
Proceeds from sale of property		**4,400,000**	-	**-**	-
Proceeds from sale of investments		**9**	2,149,305	**9**	2,149,305
Payment for investments		**-**	(498,980)	**-**	(498,857)
Net cash inflow (outflow) from investing activities		**4,204,025**	1,389,700	**(216,012)**	1,389,823
Cash flows from financing activities					
Loan advanced - Associate		**(179,950)**	-	**(179,950)**	-
Loan repayments from subsidiary		**-**	-	**4,112,240**	-
Loan advanced to subsidiary		**-**	-	**(2,784)**	(72,300)
Net cash inflow (outflow) from financing activities		**(179,950)**	-	**3,929,506**	(72,300)
Net (decrease) in cash and cash equivalents		**(94,517)**	(451,763)	**(246,493)**	(451,820)
Cash transferred in on amalgamation		**2,939,419**	-	**2,939,419**	-
Cash and cash equivalents at beginning of financial year		**1,637,578**	2,089,341	**1,636,038**	2,087,858
Cash and cash equivalents at end of financial year	10(a)	**4,482,480**	1,637,578	**4,328,964**	1,636,038

The above statements of cash flows should be read in conjunction with the accompanying notes.

CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION
MANUFACTURING DIVISION
ABN 34 183 611 895
AND CONTROLLED ENTITY

REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 31 DECEMBER 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* on the Reporting Unit for the year ended 31 December 2018.

	Consolidated Group		Parent Entity	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Categories of expenditure				
Remuneration and other employment-related costs and expenses - employees	**7,946,681**	5,622,511	**7,946,681**	5,622,511
Advertising	**-**	11,638	**-**	11,638
Operating costs	**2,565,998**	2,021,646	**2,541,061**	1,962,953
Donations to political parties	**1,200**	-	**1,200**	-
Legal costs	**170,587**	140,537	**170,587**	140,537

Due to the specific requirements under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009*, there will likely be some other costs incurred by the reporting unit which do not fall within the above categories. Accordingly the expenditure reported in this report may not represent 100% of the expenditure actually incurred by the reporting unit.
actually incurred by the reporting unit.

Signature of designated officer:
Name of designated officer: Michael O'Connor
Title of designated officer: Construction Forestry Maritime Mining & Energy Union – Manufacturing Division Divisional Secretary

Dated: 28 June 2019

The above report should be read in conjunction with the accompanying notes.

1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial report includes separate financial statements the for Construction, Forestry, Maritime, Mining and Energy Union Manufacturing Division (formerly Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division) as an individual entity and the consolidated group consisting of Construction, Forestry, Maritime, Mining and Energy Union Manufacturing Division and its subsidiary ("The Group").

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the requirements of the *Fair Work (Registered Organisations) Act 2009*. Tier 1 reporting requirements as per the Australian Accounting Standard AASB 1053 Application of Tiers of Australian Accounting Standards have been applied in the preparation of this report as required under Reporting Guideline 8. The union is a not-for-profit entity for the purpose of preparing the financial statements.

Statement of Compliance

The financial report complies with Australian Accounting Standards. The Group's principal objective is not the generation of profit. Consequently, where appropriate, the Group has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities. As a result this financial report does not comply with International Financial Reporting Standards (IFRS).

Early adoption of standards

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

New and amended standards adopted by the Group

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operation and effective for the accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 9 Financial Instruments

The impact of the changes due to the adoption of AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments is outlined in Note 1r Changes in significant accounting policies.

1: Summary of significant accounting policies (Continued)

(a) Basis of Preparation (Continued)

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division (''parent entity'') as at 31 December 2018 and the results of all subsidiaries for the year then ended. The Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division.

1: Summary of significant accounting policies (Continued)

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major operating activities as follows:

Membership subscriptions

Membership subscriptions are recognised on an accrual basis and are recorded as revenue in the year to which they relate.

Sustentation fees and levies

Sustentation fees and levies are recognised when the right to receive the fees has been established.

Co-ordinator fee income

Co-ordinator fee income is recognised when the right to receive the income has been established.

Other revenue-generating activities

Revenue is recognised when the right to receive the commission has been established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

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

1: Summary of significant accounting policies (Continued)

(d) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(e) Income tax

The CFMEU as the parent entity, is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however it still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

The Groups income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Unrecognised deferred tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Where assets are revalued, no provision for potential capital gains tax has been made because of the long-term nature of the assets and the existence of accumulated tax losses.

(f) Impairment of assets

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1: Summary of significant accounting policies (Continued)

(g) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the ATO as classified as operating cash flow. Commitments and contingencies are disclosed inclusive of GST.

1: Summary of significant accounting policies (Continued)

(j) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the entity commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

The Entity only has the following financial assets: Financial assets at amortised cost

Financial assets at amortised cost

The Entity measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The entity's financial assets at amortised cost includes trade receivables and loans to related parties.

1: Summary of significant accounting policies (Continued)

(j) **Financial assets (continued)**

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) the Entity has transferred substantially all the risks and rewards of the asset, or
  b) the Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Entity continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Entity applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

1: Summary of significant accounting policies (Continued)

(j) Financial assets (continued)

Impairment (Continued)

ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Entity recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:
- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Entity may also consider a financial asset to be in default when internal or external information indicates that the Entity is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(k) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs. The entity's financial liabilities include trade and other payables.

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1: Summary of significant accounting policies (Continued)

(l) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation is calculated to allocate cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Class of fixed asset	Depreciation rate	Depreciation basis
Buildings	2.0%	Diminishing Value
Leasehold improvement	50%	Straight line
Motor Vehicles	12.5% - 22.5%	Diminishing Value
Office equipment	15% – 40%	Diminishing Value
Furniture, fittings & equipment	5.0% – 40%	Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement .When revalued assets are sold; it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates

1: Summary of significant accounting policies (Continued)

(n) Borrowings (Continued)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(o) Employee benefits

(i) 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.

(ii) 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 using the projected unit credit method. 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 government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the 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.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value

(p) Comparative figures

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

1: Summary of significant accounting policies (Continued)

(q) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	**AASB 16 Leases**
Nature of change	AASB 16 was issued in February 2018. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the entity's operating leases. As at the reporting date, the entity has non-cancellable operating lease commitments of $215,511, see note 24. However, the entity has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the entity's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.
Application date	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(r) Changes in significant accounting policies

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets, introduces an 'expected credit loss' model for impairment of financial assets and a substantially-changed approach to hedge accounting.

The Group applied AASB 9 retrospectively, with an initial application date of 1 January 2018. The Group 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 retained surplus and other components of equity.

As a result of the adoption of AASB 9, the Group has adopted consequential amendments to AASB 101 *Presentation of Financial Statements*, which requires impairment of financial assets to be presented in a separate line item in the Statement of Profit or Loss and Other Comprehensive Income. Previously, the Group included the impairment of trade receivables in other expenses.

1: Summary of significant accounting policies (Continued)

(r) Changes in significant accounting policies (Continued)

The following table explains the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of financial asset and financial liabilities as at 1 January 2018:

Group	AASB 139 classification	AASB 9 classification	AASB 139 carrying amount $	AASB 9 carrying amount $
Financial Assets				
Trade and other receivables	Loans and receivables	Amortised cost	5,496,639	5,496,639
Equity securities	Available for sale	FVOCI – equity instrument	177,491	177,491
Financial Liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	1,299,100	1,299,100

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for the expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, AASB 9 requires the Group to recognise a loss allowance for expected credit losses on:

- Debt investments measured subsequently at amortised cost or at FVTOCI;
- Lease receivables;
- Trade receivables and contract assets; and
- Financial guarantee contracts to which the impairment requirements of AASB 9 apply.

In particular, AASB 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The assessment of impairment of financial assets under AASB 9 didn't have an impact on the group's financial position, profit or loss, other comprehensive income or total comprehensive income in either 2017 or 2018.

2: Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

(b) Critical judgments in applying the entity's accounting policies

Employee entitlements
Management judgements are applied in determining the following key assumptions in the calculation of long service leave at balance date:

- future increase in wages and salaries;
- future on-costs rates; and
- experience of employees' departures and period of service.

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 software and IT equipment.

3: Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009* the attention of members is drawn to the provisions of subsection (1) to (3) of sections 272, which read 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).

4: Revenue

	Notes	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		$	$	$	$
From continuing operations					
- membership subscriptions		**5,319,377**	4,579,644	**5,319,377**	4,579,644
- capitation fees – other reporting units		**-**	-	**-**	-
- levies – other reporting units		**-**	-	**-**	-
		5,319,377	4,579,644	**5,319,377**	4,579,644
Other revenue					
- interest		**59,273**	46,954	**58,713**	48,147
- OHS contributions		**71,642**	182,071	**71,642**	182,071
- training income		**8,700**	1,592	**8,700**	1,592
- consultancy fees		**240,793**	288,759	**240,793**	288,759
- service contract		**1,736,847**	1,671,534	**1,736,847**	1,671,534
- sponsorship		**84,955**	73,250	**84,955**	73,250
- director fees		**294,862**	250,133	**294,862**	250,133
- realised/ unrealised gain on investments		**2,445**	35,191	**2,445**	34,550
- dividends		**1,184**	56,548	**710**	56,190
- rent		**151,370**	58,450	**151,370**	58,450
- donations		**-**	124,793	**-**	124,793
- grant income		**594,740**	181,045	**594,740**	181,045
- representation fees		**83,350**	51,789	**83,350**	51,789
- financial support from another reporting unit		**-**	-	**-**	-
- revenue from recovery of wages activity		**-**	-	**-**	-
- revaluation of building		**-**	806,500	**-**	-
- reimbursement from CFMMEU – National Office		**149,296**	-	**149,296**	25,000
- other revenue		**94,272**	170,372	**94,792**	145,372
		3,574,249	3,998,981	**3,573,215**	3,192,675

5: Other disclosable items

	Consolidated Group		Parent Entity	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
(a) The loss before income tax expenses includes the following specific items:				
Depreciation				
- land and buildings	**8,368**	63,019	**4,244**	55,644
- office equipment	**21,049**	21,263	**21,049**	19,633
- motor vehicles	**196,426**	143,946	**196,426**	143,946
- furniture and fixtures	**19,556**	20,525	**19,556**	20,137
	245,399	248,753	**241,275**	239,360
Defined contribution superannuation expense	**799,075**	593,868	**799,075**	593,868
Rental expenses relating to operating leases				
Minimum lease payments	**137,242**	112,528	**137,242**	112,528
Consideration to employers for payroll deduction	**8,648**	6,264	**8,648**	6,264
Conference and meeting allowances	**20,033**	25,695	**20,033**	25,695
Donations				
Total paid that were $1,000 or less	**3,786**	2,132	**3,786**	2,132
Total paid that exceeded $1,000	**5,745**	22,095	**5,745**	22,095
Grants paid	**-**	-	**-**	-
Penalties – via RO Act or RO Regulations	**-**	-	**-**	-
Net (gain) loss on disposal of investments	**(979)**	43,250	**(979)**	43,250
Unrealised loss (gain) on investments	**1,042**	-	**1,042**	-
Share of NLDA results	**12,344**	22,061	**12,344**	22,061
Revaluation of land and building	**-**	(806,500)	**-**	-
Loss on disposal of property, plant and equipment	**64,208**	53,886	**64,208**	53,886

6: Income tax expenses

	Consolidated		Parent Entity	
	2018	2017	2018	2018
	$	$	$	$
(a) Income tax expense:				
Current tax	**398,707**	-	-	-
Deferred tax	**(416,095)**	409,880	-	-
	(17,388)	409,880	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable:				
Loss from continuing operations before income tax expense	**(3,401,290)**	(1,174,508)	**(3,268,502)**	(1,907,604)
Prima facie income tax payable on loss before income tax at 30.0% (2017 - 30.0%)	**(1,020,387)**	(352,352)	**(980,551)**	(572,281)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Net amount exempt under S50.1 of ITAA	**980,551**	572,281	**980,551**	572,281
Tax losses used	-	(55,120)	-	-
Other items	**22,488**	245,071	-	-
Income tax expense attributable to loss	**(17,388)**	409,880	-	-

7: Affiliation fees, compulsory levies and sustentation fees

	Consolidated Group		Parent Entity	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Affiliation fees				
- Australian Labour Party – SA	**7,714**	7,261	**7,714**	7,261
- Australian Labour Party – TAS	**1,274**	1,274	**1,274**	1,274
- Australian Labour Party – VIC	**33,794**	26,914	**33,794**	26,914
- Australian Labour Party – WA	**706**	473	**706**	473
- ACTU	**12,210**	-	**12,210**	-
- Ballarat Trades Hall Council	**2,655**	2,224	**2,655**	2,224
- Bendigo Trades Hall Council	**660**	-	**660**	-
- Geelong Trades Hall Council	**5,304**	1,855	**5,304**	1,855
- Gippsland Trades Hall Council	**2,215**	1,158	**2,215**	1,158
- NE Borders	**900**	-	**900**	-
- NSW Labour Council	**11,991**	8,202	**11,991**	8,202
- Queensland Council of Unions	**2,152**	-	**2,152**	-
- S A Unions	**9,540**	8,742	**9,540**	8,742
- Unions ACT	**1,600**	-	**1,600**	-
- Unions WA	**798**	783	**798**	783
- Unions Tasmania	**2,212**	2,591	**2,212**	2,591
- South West T&LC	**150**	150	**150**	150
- Victorian Trades Hall Council	**48,214**	53,809	**48,214**	53,809
- International Federation of Chemical, Energy, Mine & General Workers' Union	**11,199**	6,044	**11,199**	6,044
- other	**748**	176	**748**	176
Compulsory levies				
- ALP WA	**103**	-	**103**	-
- S A Unions	**-**	150	**-**	150
- Unions NSW		-		-
- Unions WA	**39**	115	**39**	115
- Victorian Trades Hall Council				
- Campaign levy	**-**	247	**-**	247
- Women levy	**-**	146	**-**	146
- Young unionists levy	**-**	146	**-**	146
Sustentation fees				
- CFMEU C & G WA Branch	**-**	57,818	**-**	57,818
- CFMEU National Office	**212,520**	225,484	**212,520**	225,484
	368,698	405,762	**368,698**	405,762

8: Legal and professional fees

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Legal fees				
- litigation	-	-	-	-
- other legal matters	**170,587**	140,537	**170,587**	140,537
Consulting fee	**116,750**	122,783	**116,750**	122,783
Audit fees				
- audit of financial report	**39,050**	29,000	**35,000**	25,000
- ALP membership audit	**825**	1,275	**825**	1,275
- grant audit	**2,800**	-	**2,800**	-
- SAEC return	**3,075**	1,020	**3,075**	1,020
Audit fees - TCF	**1,100**	-	**1,100**	-
Accounting fees	**10,909**	6,558	**9,644**	5,434
	345,096	301,173	**339,781**	296,049

9: Salaries and related expenses

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
(i) Employees other than holders of office				
- wages and salaries	**5,346,241**	3,221,816	**5,346,241**	3,221,816
- superannuation	**641,523**	461,852	**641,523**	461,852
- leave and other entitlements	**(980,237)**	89,877	**(980,237)**	89,877
- separation and redundancies	-	215,526	-	215,526
- other employee expenses	-	-	-	-
(ii) Holders of office				
- wages and salaries	**1,590,403**	904,234	**1,590,403**	904,234
- superannuation	**157,552**	132,015	**157,552**	132,015
- leave and other entitlements	**359,128**	24,322	**359,128**	24,322
- separation and redundancies	-	4,752	-	4,752
- other employee expenses	-	-	-	-
(iii) Other related expenses				
- employee training	**42,403**	11,935	**42,403**	11,935
- employee assistance program	**6,471**	9,235	**6,471**	9,235
- fringe Benefits Tax	**135,450**	62,868	**135,450**	62,868
- income protection insurance	**57,283**	46,626	**57,283**	46,626
- payroll Tax	**375,872**	246,622	**375,872**	246,622
- recruitment expenses/casual	**126,307**	100,756	**126,307**	100,756
- redundancy fund	**19,612**	23,954	**19,612**	23,954
- workcover	**68,673**	66,121	**68,673**	66,121
	7,946,681	5,622,511	**7,946,681**	5,622,511

10: Current assets – Cash and cash Equivalents

	Consolidated Group		Parent Entity	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Cash at banks	**2,983,498**	1,015,460	**2,829,983**	1,013,921
Term deposits	**1,496,216**	1,478,259	**1,496,216**	1,478,259
Cash on hand	**2,781**	1,201	**2,780**	1,200
	4,482,495	2,494,920	**4,328,979**	2,493,380

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statements of cash flows as follows:

Balances as above	**4,482,495**	2,494,920	**4,328,979**	2,493,380
Bank overdrafts	**(15)**	(857,342)	**(15)**	(857,342)
Balances per statement of cash flows	**4,482,480**	1,637,578	**4,328,964**	1,636,038

(a) Security – the term deposits are used as secured for the overdraft facility.

11: Current assets - Trade and other receivables

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Trade receivables	**77,742**	136,872	**77,742**	136,872
Trade receivable from other reporting units				
- CFMMEU National Office	**256,373**	6,482	**256,373**	6,482
- CFMMEU C & G Vic/Tas Divisional Branch	**12,267**	-	**12,267**	-
- CFMMEU C & G General Division	**35,291**	-	**35,291**	-
- TCFUA National Office	**-**	59,059	**-**	59,059
- TCFUA NSW/SA/Tas	**-**	15,246	**-**	15,246
- TFCUA Vic/Qld/WA	**-**	55,540	**-**	55,540
	381,673	273,199	**381,673**	273,199
Less Loss Allowance	**-**	-	**-**	-
	381,673	273,199	**381,673**	273,199
Receivable from other reporting units				
- CFMEU National Office	**-**	2,058	**-**	2,058
- CFMMEU C & G National Office	**31,434**	-	**31,434**	-
- TCFUA National Office	**-**	6,800	**-**	6,800
Accrued income	**29,598**	18,005	**29,598**	18,005
Member subscription receivable	**291,306**	199,911	**291,306**	199,911
Entitlements held in SEET	**329,443**	315,142	**329,443**	315,142
Amount receivable from sale of property (note 14b)	**-**	4,400,000	**-**	-
Other receivables	**306,193**	281,524	**332,313**	307,644
	987,984	5,223,440	**1,014,094**	849,560
	1,369,647	5,496,639	**1,395,767**	1,122,759

(i) Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore classified as current. No interest is charged on outstanding trade receivables. Trade receivables are recognised initially at the transaction amount. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Trade receivables consists of many members and customers, spread across diverse industries and geographical areas. The Group does not have any significant credit risk exposure to any single party or group of counter parties having similar characteristics and the maximum exposure to credit risk is equal to the value of our receivables.

11: Current assets - Trade and other receivables (Continued)

(iii) Fair values of trade and other receivables
Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value

Movements in Loss Allowance

	2018 $	2017 $
At 1 January	-	-
Provision for impairment recognised during the year	-	-
Unused amounts reversed	-	-
At 31 December	-	-

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is $Nil (2017: $Nil).

12: Current assets – Other Assets

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Prepayments	**141,229**	177,195	**141,229**	177,195

13: Non-current assets – Trade and other receivables

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Loan to subsidiary				
Non-interest bearing	-	-	-	3,144,007
- Loss Allowance	-	-	-	-
Interest bearing	-	-	-	245,000
Loan to associates – interest bearing	**179,950**	-	**179,950**	-
	179,950	-	**179,950**	3,389,007

14: Non-current assets – financial assets

		Consolidated Group		Parent Entity	
		2018	**2017**	**2018**	**2017**
		$	**$**	**$**	**$**
Available-for-sale financial assets	a	**-**	177,491	**-**	169,208
Financial assets at fair value through profit or loss (PVTPL)	a	**223,371**	-	**215,945**	-
Shares in subsidiary		**-**	-	**1**	1
		223,371	177,491	**215,946**	169,209

(a) Financial assets at fair value through profit or loss (PVTPL) comprises:

		Consolidated Group		Parent Entity	
		2018	**2017**	**2018**	**2017**
		$	**$**	**$**	**$**
Listed investment, at fair value					
- shares in listed trusts and shares	b	**18,805**	12,013	**11,379**	3,730
Unlisted investment, at cost					
- shares in other corporations	c	**119,665**	165,478	**119,665**	165,478
Investments accounted for using the equity method	d	**84,901**	-	**84,901**	-
		223,371	177,491	**215,945**	169,208

(b) Movements in fair value of listed investment during the financial year:

Opening balance	**12,013**	10,605	**3,730**	3,086
Additions (Disposals)	**(9)**	124	**(9)**	-
Fair value adjustment	**(1,898)**	1,284	**(1,041)**	644
Assets acquired via amalgamation	**8,699**	-	**8,699**	-
Closing balance	**18,805**	12,013	**11,379**	3,730

(c) Movements in fair value of unlisted investment during the financial year:

Opening balance	**165,478**	1,847,284	**165,478**	1,847,284
Additions (net)	**-**	(1,715,712)	**-**	(1,715,712)
Fair value adjustment	**(12,344)**	33,906	**(12,344)**	33,906
Re-classification	**(59,634)**	-	**(59,634)**	-
Assets acquired via amalgamation	**26,165**	-	**26,165**	-
Closing balance	**119,665**	165,478	**119,665**	165,478

14: Non-current assets – financial assets (Continued)

(d) Set out below are the associates of the Group as at 31 December 2018 which. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	Nature of ownership	% of ownership 2018	% of ownership 2017	Carrying amount 2018 $	Carrying amount 2017 $
UPoint Pty Ltd	Australia	Associate (*)	33.33%	33.33%	**84,901**	-

- the above are private entities and therefore no quoted price is available.

(*) Upoint Pty Ltd is a new business concept with the aim of being both a new revenue stream for the primary parties and other shareholders, while also providing a trailing revenue stream for participating member based organisations. The CFMMEU – Manufacturing Division is one of three shareholders. Because of this, it is considered that the necessary significant influence exists to require that the investment is accounted for using the equity method.

(i) There are no commitments or contingent liabilities in respect of the associates.

(ii) Summarised financial information for associates

The tables below provide summarised financial information for the associate. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised balance sheet	**UPoint Pty Ltd 2018 $**
Total current assets	**610,040**
Total non-current assets	**343,525**
Total assets	**953,565**
Total current liabilities	**182,953**
Total non-current liabilities	**515,908**
Total liabilities	**698,861**
Net assets	**254,704**

14: Non-current assets – financial assets (Continued)

(ii) Summarised financial information for associates (Continued)

	UPoint Pty Ltd 2018 $
Reconciliation to carrying amounts	
Opening net assets 1 July	-
Profit for the period	75,803
Share capital	150
Additional capital contribution	178,751
Distribution/Dividends paid	-
Closing net assets	254,704
Group's share in %	33.33%
Group's share in $	84,901
Goodwill	-
Carrying amount	84,901

15: Non-current assets - Property, plant and equipment

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
LAND AND BUILDINGS				
At fair value	**4,245,000**	245,000	**4,000,000**	-
Less accumulated depreciation	**(27,684)**	(12,624)	**(10,936)**	-
	4,217,316	232,376	**3,989,064**	-
PLANT AND EQUIPMENT				
Motor vehicles				
At cost	**1,270,405**	1,080,344	**1,270,405**	1,080,344
Less accumulated depreciation	**(483,383)**	(458,334)	**(483,383)**	(458,334)
	787,022	622,010	**787,022**	622,010
Office equipment				
At cost	**394,945**	208,089	**394,945**	172,442
Less accumulated depreciation	**(345,715)**	(159,001)	**(345,715)**	(137,386)
	49,230	49,088	**49,230**	35,056
Furniture, fixtures and fittings				
At cost	**191,036**	144,487	**191,036**	130,458
Less accumulated depreciation	**(129,552)**	(87,286)	**(129,552)**	(75,138)
	61,484	57,201	**61,484**	55,320
Total plant and equipment	**897,736**	728,299	**897,736**	712,386
Total property plant and equipment	**5,115,052**	960,675	**4,886,800**	712,386

15: Non-current assets - Property, plant and equipment (Continued)

(a) Non-current assets pledged as security

None of the non-current assets pledged as security by the parent entity and its controlled entity.

(b) Land and building

Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Land and buildings owned by the subsidiary were disposed of in 2017.

(c) Movements in Carrying Amounts

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

2017 - Group	**Land & Buildings**	**Improvement**	**Vehicles**	**Office equipment**	**Furniture, fittings & equipment**	**Total**
	$	$	$	$	$	$
Opening net book amount	3,833,251	71,151	532,027	69,264	90,493	4,596,186
Additions	-	-	343,680	14,289	8,214	366,183
Revaluation	806,500	-	-	-	-	806,500
Disposals	(4,400,000)	(15,507)	(109,751)	(13,202)	(20,981)	(4,559,441)
Depreciation	(7,375)	(55,644)	(143,946)	(21,263)	(20,525)	(248,753)
Closing net book amount	232,376	-	622,010	49,088	57,201	960,675

2018 - Group	**Land & Buildings**	**Vehicles**	**Office equipment**	**Furniture, fittings & equipment**	**Total**
		$	$	$	$
Opening net book amount	**232,376**	**622,010**	**49,088**	**57,201**	**960,675**
Additions	**-**	**265,196**	**30,734**	**25,720**	**321,650**
NBV of assets acquired through amalgamation	**3,993,308**	**258,349**	**13,431**	**-**	**4,265,088**
Disposals	**-**	**(162,107)**	**(22,974)**	**(1,881)**	**(186,962)**
Depreciation	**(8,368)**	**(196,426)**	**(21,049)**	**(19,556)**	**(245,399)**
Closing net book amount	**4,217,316**	**787,022**	**49,230**	**61,484**	**5,115,052**

15: Non-current assets - Property, plant and equipment (Continued)

(c) Movements in Carrying Amounts (Continued)

2017 - Parent	Land & Buildings	Improvement	Vehicles	Office equipment	Furniture, fittings & equipment	Total
	$	$	$	$	$	$
Opening net book amount	-	71,151	532,027	53,603	88,224	745,005
Additions	-	-	343,680	14,289	8,214	366,183
Disposals	-	(15,507)	(109,751)	(13,203)	(20,981)	(159,442)
Depreciation	-	(55,644)	(143,946)	(19,633)	(20,137)	(239,360)
Closing net book amount	-	-	622,010	35,056	55,320	712,386

2018 - Parent	Land & Buildings	Vehicles	Office equipment	Furniture, fittings & equipment	Total
	$	$	$	$	$
Opening net book amount	**-**	**622,010**	**35,056**	**55,320**	**712,386**
Additions	**-**	**265,196**	**30,734**	**25,720**	**321,650**
NBV of assets acquired through amalgamation	**3,993,308**	**258,349**	**13,431**	**-**	**4,265,088**
Disposals	**-**	**(162,107)**	**(8,942)**	**-**	**(171,049)**
Depreciation	**(4,244)**	**(196,426)**	**(21,049)**	**(19,556)**	**(241,275)**
Closing net book amount	**3,989,064**	**787,022**	**49,230**	**61,484**	**4886,800**

16: Current liabilities – Borrowings

	Consolidated Group		Parent Entity	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Bank overdraft	**15**	857,342	**15**	857,342
Loan from Subsidiary	**-**	-	**720,449**	-
	15	857,342	**720,464**	857,342

The 2017 overdraft is secured by the parent's term deposits.

17: Current liabilities - Trade and other payables

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Unsecured				
Trade payables	**663,215**	525,437	**660,201**	525,437
Legal cost payables – other matters	**6,953**	21,519	**6,953**	21,519
Legal cost payables – litigations	**-**	-	**-**	-
Amount payables to other reporting units				
- CFMEU National Office	**116,636**	108,433	**116,636**	108,433
- CFMEU C & G National Office	**-**	3,980	**-**	3,980
- CFMEU C & G NSW Branch	**-**	10,395	**-**	10,395
- CFMEU C & G Vic/Tas Divisional Branch	**179,748**	136,756	**179,748**	136,756
- TCFUA National Office	**-**	13,544	**-**	13,544
- TCFUA NSW/SA/TAS	**-**	141	**-**	141
- TCFUA VIC/QLD/WA	**-**	141	**-**	141
Sundry creditors	**25,369**	19,335	**49,890**	14,735
Income received in advance	**454,379**	440,005	**454,379**	440,005
Consideration to employers for payroll deductions	**-**	-	**-**	-
Net GST	**19,529**	6,210	**20,157**	6,271
Relief funds held in trust	**12,891**	12,891	**12,891**	12,891
SA District Trust Account	**313**	313	**313**	313
	1,479,033	1,299,100	**1,501,168**	1,294,561

All above liabilities are short-term. The carrying values are considered to be a reasonable approximation of fair value.

18: Employee benefit obligations

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Holder of Office				
Annual leave	**281,255**	201,751	**281,255**	201,751
Long service leave	**488,049**	408,188	**488,049**	408,188
Personal leave	**61,217**	69,825	**61,217**	69,825
RDO	**26,601**	31,878	**26,601**	31,878
Separations and redundancies	**213,648**	-	**213,648**	-
	1,070,770	711,642	**1,070,770**	711,642
Employees other than office holders:				
Annual leave	**537,636**	448,003	**537,636**	448,003
Long service leave	**638,970**	568,845	**638,970**	568,845
Personal leave	**145,009**	241,983	**145,009**	241,983
RDO	**88,940**	43,282	**88,940**	43,282
Separations and redundancies	**-**	-	**-**	-
	1,410,555	1,302,113	**1,410,555**	1,302,113
Total employee provisions	**2,481,325**	2,013,755	**2,481,325**	2,013,755
Disclosed as:				
Current	**2,267,677**	1,915,715	**2,267,677**	1,915,715
Non-current	**213,648**	98,040	**213,648**	98,040
	2,481,325	2,013,755	**2,481,325**	2,013,755

(a) Employee benefits - long service leave

A provision has been recognised for future employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on an assessment of the individual employee's circumstances. The measurement and recognition criteria for employee benefits have been included in Note 1.

(b) Amounts not expected to be settled within the next 12 months.

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire obligation is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months:

18: Employee benefit obligations (Continued)

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Long service leave obligation expected to be settled after 12 months	-	98,040	-	98,040

19: Deferred tax asset/liabilities

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Deferred tax assets	6,215	-	-	-
Deferred tax liabilities	-	409,880	-	-
Consist of:				
Tax losses	6,215	-	-	-
Property, plant & equipment	-	409,880	-	-

20: Other funds

	Note	Consolidated Group		Parent Entity	
		2018	2017	2018	2017
		$	$	$	$
John Curtin Fund	a	535,896	491,435	535,896	491,435
SA Workers Welfare Fund	b	69,440	69,374	69,440	69,374
Pulp and Paper Workers' Support Fund	c	1,844,287	1,732,541	1,844,287	1,732,541
NSW Support Fund	d	188,994	155,049	188,994	155,049
		2,638,617	2,448,399	2,638,617	2,448,399

Presented below is a reconciliation of the movements in each of the other funds, pursuant to the Union Rule 14D and E, as well as the assets and liabilities of the funds included in these financial statements but allocated as if the fund was a separate entity.

(a): John Curtin Fund

	2018	2017
	$	$
Balance at 1 January	491,435	1,190,287
Income		
Contributions	44,419	31,888
Interest received	42	109
Expenditure	-	(730,849)
Net movement	44,461	(698,852)
Balance at 31 December	535,896	491,435

20: Other funds (Continued)

(a): John Curtin Fund (Continued)	2018	2017
	$	$
Represented by:		
Cash at bank	**8,321**	8,280
(Payables) Receivables	**(167,425)**	(211,845)
Loan to related entity	**245,000**	245,000
Loan to parent entity	**450,000**	450,000
Balance at 31 December	**535,896**	491,435

The John Curtin Fund – is for contributing members of the fund within Victoria. In terms of the Union Rule 14D: "Those fund will be expended to members of those groups of members in a manner consistent with the purposes for which the funds were established and that manner shall not be changed without consultation and agreement with the relevant District Committee of Management"

(b): SA Workers Welfare Fund	2018	2017
	$	$
Balance at 1 January	**69,374**	71,138
Income		
Contributions	**66**	208
Expenditure	**-**	(1,972)
Net movement	**66**	(1,764)
Balance at 31 December	**69,440**	69,374
Represented by:		
Cash at bank	**69,440**	72,274
Payable	**-**	(2,900)
Balance at 31 December	**69,440**	69,374

The SA Workers Support Fund - is for contributing members of the fund within the South Australian District. In terms of the CFMEU FFPD Rule 14D: "Those fund will be expended to members of those groups of members in a manner consistent with the purposes for which the funds were established and that manner shall not be changed without consultation and agreement with the relevant District Committee of Management."

20: Other funds (Continued)

(c): Pulp and Paper Workers' Support Fund	2018	2017
	$	$
Balance at 1 January	**1,732,541**	1,651,565
Income		
Levies	**125,761**	113,694
Interest received	**22,627**	22,895
Expenditure		
Campaign expenses	**(36,642)**	(55,613)
Net movement	**111,746**	80,976
Balance at 31 December	**1,844,287**	1,732,541
Represented by:		
Cash at bank	**1,337,517**	1,210,928
Receivables	**506,770**	521,613
	1,844,287	1,732,541

The PPW Support Fund is for the members of the PPW District. In terms of the Union Rule 14D: "Those fund will be expended to members of those groups of members in a manner consistent with the purposes for which the funds were established and that manner shall not be changed without consultation and agreement with the relevant District Committee of Management."

(d): NSW Support Fund	2018	2017
	$	$
Balance at 1 January	**155,049**	125,870
Income		
Contributions	**33,945**	29,161
Interest received	**-**	18
Expenditure	**-**	-
Net movement	**33,945**	29,179
Balance at 31 December	**188,994**	155,049

20: Other funds (Continued)

(d): NSW Support Fund (Continued)	2018	2017
	$	$
Represented by:		
Cash at bank	**1,036**	1,036
Receivables	**187,958**	154,013
Balance at 31 December	**188,994**	155,049

The NSW Support Fund is for the members of the NSW District. In terms of the Union Rule 14D: "Those fund will be expended to members of those groups of members in a manner consistent with the purposes for which the funds were established and that manner shall not be changed without consultation and agreement with the relevant District Committee of Management".

21: Retained profits

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Movements in retained profits were as follows:				
Balance 1 January	**2,278,444**	3,272,371	**1,449,879**	2,767,022
Transfer (to) other funds	**(190,218)**	590,461	**(190,218)**	590,461
Reserves acquired from amalgamation	**5,790,671**	-	**5,790,671**	-
Net (loss) for the year	**(3,358,635)**	(1,584,388)	**(3,243,235)**	(1,907,604)
Balance 31 December	**4,520,262**	2,278,444	**3,807,097**	1,449,879

(a) Other than already noted, no specific funds or accounts have been operated in respect of compulsory levies or voluntary contributions.

(b) Net assets acquired

On the 6th of March 2018 the Fair Work Commission published their decision to allow the Construction, Forestry, Mining and Energy Union (CFMEU), the Maritime Union of Australia (MUA) and the Textile, Clothing and Footwear Union of Australia (TCFUA) to merge on March 27, 2018, on a going concern basis. The TCFU became part of the CFMEU Manufacturing Division.

The assets and liabilities of each of the 3 branches that made up the TCFU were transferred at book value at 27 March 2018 to the Manufacturing Division with the retained profits/(losses) at that date being transferred directly to retained profits.

21: Retained profits (Continued)

(c) Net assets acquired (Continued

Net assets acquired as a result of amalgamation

	TCFU Vic	TCFU NSW	TCFU National	Total
	$	$	$	$
Current assets	3,174,322	137,831	323,252	3,635,405
Non-current assets	-	4,057,483	-	4,057,483
Total assets	3,174,322	4,195,314	323,252	7,692,888
Current liabilities	1,092,755	212,533	515,300	1,820,588
Non-current liabilities	-	81,629	-	81,629
Total liabilities	1,092,755	294,162	515,300	1,902,217
Net assets/(liabilities) brought to account	2,081,567	3,901,152	(192,048)	5,790,671

22: Events occurring after reporting date

No other matter or circumstance has arisen since the end of the financial year to the date of this report, that has or may significantly affect the activities of the Group, the results of those activities or the state of affairs of the Group in the ensuing or any subsequent financial year.

23: Contingencies

There are no other known contingent assets or liabilities and commitments at 31 December 2018.

24: Commitments

	Consolidated Group		Parent Entity	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Lease commitments				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**114,939**	118,800	**114,939**	118,800
Later than one year but not later than five years	**100,572**	215,511	**100,572**	215,511
	215,511	334,311	**215,511**	334,311

The group leases office, equipment and motor vehicles under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated

25: Related party transactions

The Group's related parties include its key management personnel and related entities as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

(a) Parent entity
The parent entity within the Group is Construction, Forestry, Maritime, Mining and Energy Union Manufacturing Division (formerly Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division).

(b) Subsidiaries
The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding 2018	Equity holding 2017
A.C.N. 117 909 127 Pty Ltd	Australia	Ordinary	100%	100%

25: Related party transactions (Continued)

(c) Transactions with related parties

	Consolidated Group		Parent Entity	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Sales of goods and services				
Rental income from CFMEU National Office	**89,619**	-	**89,619**	-
Purchase of goods and services				
Sustentation fee to CFMEU C & G WA Branch	**-**	57,818	**-**	57,818
Campaign contribution to CFMEU National Office	**-**	127,580	**-**	127,580
Sustentation fee to CFMEU National Office	**212,520**	225,484	**212,520**	225,484
Levy to CFMEU National Office	**630,000**	127,320	**630,000**	127,320
Reimbursement to CFMEU National Office in relation to the following costs:				
- accommodation, travel & other	**139,578**	112,119	**139,578**	112,119
Shared expenses to CFMEU C&G Vic/Tas Divisional Branch	**304,142**	286,560	**304,142**	286,560
Shared expenses to CFMEU Construction & General Division NSW Branch	**66,176**	-	**66,176**	-
Shared expenses to CFMEU Construction & General Div - National Office	**4,899**	-	**4,899**	-

(d) Outstanding balances arising from sales/purchases of goods and services

These balances are included in the notes on receivables and payables.

25: Related party transactions (Continued)

(e) The names of the Divisional Executive in office at any time during or since the end of the financial year are:

Name	*Position*
Jane Calvert (resigned 3 May 2018)	Manufacturing Division - Divisional President
Denise Campbell-Burns (appointed 9 May 2018)	Manufacturing Division - Divisional President
Michael O'Connor	Manufacturing Division - Divisional Secretary
Michele O'Neil (from 28 March – 17 July 2018)	Manufacturing Division – TCF National Secretary
Jenny Kruschel (from 16 December 2018)	Manufacturing Division – TCF National Secretary
Leo Skourdoumbis	Manufacturing Division - Divisional Senior Assistant Secretary
Alex Millar	Manufacturing Division - Divisional Assistant Secretary
Frank Vari	Manufacturing Division - Divisional Assistant Secretary
Craig Smith	Manufacturing Division - Divisional Senior Vice President
Beth Macpherson (from 28 March 2018)	Manufacturing Division – Divisional Senior Vice President TCF
David Kirner	Manufacturing Division - Divisional Vice President
Bradley Coates	Manufacturing Division - Divisional Vice President
Jenny Kruschel (from 28 March – 17 July 2018)	Manufacturing Division – TCF Vic District Assistant Secretary
Jenny Kruschel (from 17 July – 16 December 2018)	Manufacturing Division – TCF Vic District Secretary
Beth Macpherson (from 28 March 2018)	Manufacturing Division – TCF Victorian District President
Beth Macpherson (from 17 July 2018)	Manufacturing Division – TCF Vic District Assistant Secretary
Kim Mason	Manufacturing Division – Divisional Executive Member
Cliff Palmer	Manufacturing Division – Divisional Executive Member
Andrew Vendramini	Manufacturing Division – Divisional Executive Member
Denise Campbell-Burns (resigned 9 May 2018)	Manufacturing Division – Divisional Executive Member
Scott McLean	Manufacturing Division – Divisional Executive Member
Terry Bennier	Manufacturing Division – Divisional Executive Member
Willie Kawai	Manufacturing Division – Divisional Executive Member
Nathan Milner	Manufacturing Division – Divisional Executive Member
Anthony Pavey	Manufacturing Division – Divisional Executive Member
Nguyet Nguyen	Manufacturing Division –Divisional Executive Member TCF Sector
Geoff Gasperotti (from 9 May 2018)	Manufacturing Division – Divisional Executive Member
Christine Sutanto (from 28 March 2018)	Manufacturing Division –Divisional Executive Member TCF Sector
Mark Edwards (from 28 March – 14 September 2018)	Manufacturing Division –Divisional Executive Member TCF Sector

(f) Other transactions

- As part of directorship arrangements, director fees paid for any officers or employees who are directors of a company or trustee of a superannuation scheme due to their positions of the entity are paid to the CFMEU directly.
- There were no other transactions between the officers of the Division other than those relating to reimbursement by the Division in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which is reasonable to expect would have been adopted by parties at arm's length.

(g) Loans to key management personnel

There are no loans between key management personnel and the entity.

25: Related party transactions (Continued)

(h) Key management personnel compensation

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
The aggregate compensation made to key management personnel of the Group is as follows:				
Short-term employee benefits				
Salary (including annual leave taken)	**1,571,033**	1,076,407	**1,571,033**	1,076,407
Leave accrued	**221,590**	20,221	**221,590**	20,221
Total short-term employee benefits	**1,537,056**	1,096,628	**1,537,056**	1,096,628
Post-employment benefits:				
Superannuation	**192,102**	158,948	**192,102**	158,948
Total post-employment benefits	**192,102**	158,948	**192,102**	158,948
Other long-term benefits:				
Long-service leave	**165,526**	43,158	**165,526**	43,158
Total other long-term benefits	**165,526**	43,158	**165,526**	43,158
Termination benefits	**213,648**	(27,860)	**213,648**	(27,860)
	213,648	(27,860)	**213,648**	(27,860)
Total	**2,363,899**	1,270,874	**2,363,899**	1,270,874

(i) Loans to/from subsidiary

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Loan to subsidiary				
Beginning of the year	**-**	-	**3,415,127**	3,341,632
Amount advanced	**-**	-	**2,784**	72,300
Interest charged	**-**	-	**-**	1,195
Amounts received	**-**	-	**(4,112,240)**	-
End of year	**-**	-	**(694,329)**	3,415,127
Represent by:				
Loan to subsidiary	**-**	-	**-**	3,389,007
Loan from subsidiary	**-**	-	**(694,329)**	-
Interest receivable	**-**	-	**-**	26,120
	-	-	**(694,329)**	3,415,127

26: Cash flow information

(a) Receipts from other reporting units	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
Branches	$	$	$	$
CFMEU C & G Queensland FFTS Branch	**-**	11,367	**-**	11,367
CFMEU Construction and General S.A. Branch	**-**	12,074	**-**	12,074
CFMEU C&G National office	**14,313**	30,000	**14,313**	30,000
CFMEU C & G Division [Vic Branch]	**219,217**	-	**219,217**	-
CFMEU Mining & Energy Division	**-**	60,000	**-**	60,000
CFMMEU National Office	**159,555**	97,427	**159,555**	97,427
TCFUA National Council	**-**	61,782	**-**	61,782
	393,085	272,650	**393,085**	272,650

(b) Payments to other reporting units	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
Branches	$	$	$	$
CFMEU C & G Vic/Tas Education & Training Unit	**10,270**	3,630	**10,270**	3,630
CFMEU Centralised Fund	**-**	5,100	**-**	5,100
CFMEU C & G - National Office	**9,205**	3,239	**9,205**	3,239
CFMEU C & G ACT Divisional Branch	**-**	4,359	**-**	4,359
CFMEU C &G Vic/Tas Divisional Branch	**404,292**	318,750	**404,292**	318,750
CFMEU C & G NSW Divisional Branch	**83,189**	40,774	**83,189**	40,774
CFMEU C & G SA Divisional Branch	**2,590**	4,830	**2,590**	4,830
CFMEU C & G WA Divisional Branch	**-**	63,600	**-**	63,600
CFMEU Mining and Energy Division in Queensland	**-**	100	**-**	100
CFMMEU National Office	**1,082,399**	798,222	**1,082,399**	798,222
TCFUA National Council	**-**	33,298	**-**	33,298
TCFUA NSW / SA / Tas	**-**	11	**-**	11
	1,591,945	1,275,913	**1,591,945**	1,275,913

26: Cash flow information (Continued)

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
(c) Reconciliation of cash flow from operations with (loss) after income tax				
(Loss) after income tax	**(3,358,635)**	(1,584,388)	**(3,243,235)**	(1,907,604)
Non-cash flows in (loss)				
Depreciation	**241,275**	248,753	**241,275**	239,360
Equity accounted investment	**(25,267)**	-	**(25,267)**	-
Net (gain) loss on disposal of investments	**2,508**	43,250	**2,508**	43,250
Share of NLDA results	**12,344**	22,061	**12,344**	22,061
Unrealised loss (gain) on investments	**(1,468)**	(35,191)	**(1,468)**	(34,550)
Revaluation of property	**-**	(806,500)	**-**	-
Net loss on disposal of property, plant and equipment	**65,420**	53,886	**65,420**	53,886
Changes in assets and liabilities				
Decrease in receivables	**216,476**	(269,104)	**216,476**	(261,696)
(Decrease) in payables	**(647,060)**	(49,383)	**(621,243)**	(49,323)
(Decrease) Increase in provisions	**(606,797)**	125,273	**(606,797)**	125,273
Increase in tax liability	**398,707**	-	**-**	-
(Decrease) Increase in deferred tax	**(416,095)**	409,880	**-**	-
Net cash flows from operating activities	**(4,118,592)**	(1,841,463)	**(3,959,987)**	(1,769,343)

(d) Financing arrangements

The group had access to the following borrowing facilities at the end of the reporting period

	2018	2017
	$	$
Floating rate – expiring within one year (bank overdraft)	**1,000,000**	1,000,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. They are secured by the union's term deposits.

26: Cash flow information (Continued)

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
(e) Net debt reconciliation				
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.				
Cash and cash equivalents	**4,482,495**	2,494,920	**4,328,979**	2,493,380
Liquid investments	**18,805**	12,013	**11,379**	3,730
Borrowings – repayable within one year (including overdraft)	**(15)**	(857,342)	**(15)**	(857,342)
Net debt	**4,501,285**	1,649,591	**4,340,343**	1,639,768
Cash and liquid investments	**4,501,300**	2,506,933	**4,340,358**	2,497,110
Gross debt – fixed interest rates	**-**	(857,342)	**-**	(857,342)
Gross debt – variable interest rates	**(15)**	-	**(15)**	-
Net debt	**4,501,285**	1,649,591	**4,340,343**	1,639,768

27: Other information

(i) Going Concern

The entity‘s ability to continue as a going concern is not reliant on financial support from another reporting unit.

(ii) Financial Support

No financial support has been provided to any reporting unit to ensure that it continues as a going concern.

(iii)Acquisition of assets and liability as part of a business combination

The net book value of assets and or liabilities transferred to CFMMEU- Manufacturing Division for no consideration is used to account for an amalgamation under Part 2 of Chapter 3 of the *Fair Work (Registered Organisations) Act 2009*

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

28: Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and aging analysis for credit risk.

Risk management is carried out by management under policies approved by the Divisional Executive. The management identifies, evaluates and hedges financial risks as part of regular meetings. This identification and analysis includes an analysis of interest rate exposure and the evaluation of strategies in the context of most recent economic conditions.

(a) Market risk
(i) Foreign exchange risk
The Group is not exposed to foreign exchange risk.

(ii) Price risk
The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the group only maintains a small portfolio.

The Group is not exposed to commodity price risk.

The Group's equity investments include listed investment, managed fund and unlisted investment.

The table below summarises the impact of increases/decreases of the indexes on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/(decreased) by 10% (2017 - 10%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	Consolidated Group		Parent Entity	
	2018	2017	2018	2017
	$	$	$	$
Effect on equity:				
Increase of equity index by 10%	**22,371**	17,749	**21,595**	16,921
Decrease of equity index by 10%	**(22,371)**	(17,749)	**(21,595)**	(16,921)

Equity would further increase/decrease as a result of gains/ (losses) on equity securities classified as available-for-sale.

The price risk for the unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

(iii) Cash flow and fair value interest rate risk
The group has no borrowings and is therefore not exposed to interest rate risk on liabilities. The group has investments in a variety of interest-bearing assets which have fixed interest rates and therefore are not subject to interest rate volatility.

28: Financial risk management (Continued)

(b) Credit risk
Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks. The group has no significant concentrations of credit risk. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit quality of financial assets can be assessed by reference to external credit ratings as follows:

	Consolidated Group		Parent Entity	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Banks:				
AA Rating	**1,367,441**	-	**1,213,925**	-
AA- Rating	**-**	511,548	**-**	510,009
BBB+ Rating	**4**	421,083	**4**	421,083
BB Rating	**3,112,270**	-	**3,112,270**	-
Non-bank:				
Un-rated	**-**	1,561,088	**-**	1,561,088
	4,479,715	2,493,719	**4,326,199**	2,492,180

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions

(d) Sensitivity analysis

As at 31 December the effect on the (deficit)/surplus as a result of changes in interest rates, with all other variables remaining constant would be as follows:

	Consolidated Group		Parent Entity	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Effect on results:				
Increase of interest rates by 2%	**89,594**	49,874	**86,524**	49,844
Decrease of interest rates by 2%	**(89,594)**	(49,874)	**(86,524)**	(49,844)

28: Financial risk management (Continued)

(e) Maturity profile of financial instruments
The maturity profile of financial assets and liabilities held are detailed below

Group
2018

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Non Interest bearing	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash at banks & on hand	1.4	2,983,498	1,496,216	-	-	2,781	4,482,495
Trade and other receivables		-	-	-	-	1,396,647	1,396,647
Loans to related parties		-	-	-	-	179,950	179,950
Investments		-	-	-	-	223,371	223,371
		2,983,498	1,496,216	-	-	1,802,749	6,282,463
Financial Liabilities							
Bank overdraft	0	15	-	-	-	-	15
Trade and other payables		-	-	-	-	1,443,751	1,443,751
		15	-	-	-	1,443,751	1,443,766
Net Financial Assets (Liabilities)		2,983,483	1,496,216	-	-	358,996	4,838,697

Group
2017

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Non Interest bearing	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash at banks & on hand	2.1	1,015,460	1,478,259	-	-	1,201	2,494,920
Trade and other receivables		-	-	-	-	5,496,639	5,496,639
Investments		-	-	-	-	177,491	177491
		1,015,460	1,478,259	-	-	5,675,331	8,169,050
Financial Liabilities							
Bank overdraft	7.6	857,342	-	-	-	-	857,342
Trade and other payables		-	-	-	-	1,299,100	1,299,100
		857,342	-	-	-	1,299,100	2,156,442
Net Financial Assets		158,118	1,478,259	-	-	4,376,231	6,012,608

28: Financial risk management (Continued)

(e) Maturity profile of financial instruments (Continued)

Parent
2018

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Non Interest bearing	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash at bank & on hand	1.4	2,829,983	1,496,216	-	-	2,780	4,328,979
Other receivables		-	-	-	-	1,395,767	1,395,767
Loans to related parties		-	-	-	-	179,950	179,950
Investments		-	-	-	-	215,946	215,946
		2,829,983	1,496,216	-	-	1,794,443	6,120,642
Financial Liabilities							
Bank overdraft	0	15	-	-	-	-	15
Trade & other payables		-	-	-	-	1,465,885	1,465,885
		15	-	-	-	1,465,885	1,465,900
Net Financial Assets		2,829,968	1,496,216	-	-	328,558	4,654,742

Parent
2017

	Weighted Average Interest rate	Floating Interest rate	1 year or less	1 to 2 years	2 to 5 years	Non Interest bearing	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash at bank & on hand	2.1	1,013,921	1,478,259	-	-	1,200	2,493,380
Other receivables		-	-	-	-	1,122,759	1,122,759
Loans to related parties	1	-	-	245,000	-	3,144,007	3,389,007
Investments		-	-	-	-	169,209	169,209
		1,013,921	1,478,259	245,000	-	4,437,175	7,174,355
Financial Liabilities							
Bank overdraft	7.6	857,342	-	-	-	-	857,342
Trade & other payables		-	-	-	-	1,294,561	1,294,561
		857,342	-	-	-	1,294,561	2,151,903
Net Financial Assets		156,579	1,478,259	245,000	-	3,142,614	5,022,452

29: Fair value measurement

(a) Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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 following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2018 and 31 December 2017:

Group	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$	$	$
Assets								
Listed investments	**18,805**	12,013	-	-	**-**	-	**18,805**	12,013
Unlisted investments	**-**	-	-	-	**119,665**	165,478	**119,665**	165,478
Managed investments	**-**	-	-	-	**-**	-	**-**	-
Total assets	**18,805**	12,013	-	-	**119,665**	165,478	**138,470**	177,491

There were no transfers between Level 1, Level 2 and Level 3 in 2018 or 2017.

Listed investment – fair values have been determined by reference to their quoted bid prices at the reporting date.

The entity also has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

29: Fair value measurement (Continued)

(b) Valuation techniques used to derive level 2 and level 3 fair values

(i) Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:
- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(ii) Non-recurring fair value measurements

The entity does not have assets in this category.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2018 and 2017 for recurring fair value measurements:

	2018 $	2017 $
Opening balance	**165,478**	127,905
Transfer from other levels	**-**	-
Re-classification	**(59,634)**	-
Assets acquired via amalgamation	**26,165**	-
New investment	**-**	59,634
(Losses) recognised profit and loss	**(12,344)**	(22,061)
Closing balance	**119,665**	165,478
Unrealised gains or (losses) recognised in profit or loss attributable to assets held at the end of the reporting period (included in gains/(losses) recognised in other income)	**-**	-

29: Fair value measurement (Continued)

(d) Fair value measurement of non-financial instruments

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2018 and 31 December 2017:

Group	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$	$	$
Property, plant & equipment								
Land & Buildings	-	-	-	-	**4,217,316**	232,376	**4,217,316**	232,376
Total assets	-	-	-	-	**4,217,316,**	232,376	**4,217,316,**	232,376

Fair value of the group's property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Committee of Management at each reporting date.

The significant unobservable input is the adjustment for factors specific to the land and building in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

Group	Total
	$
Opening net book amount	232,376
Transferred in on merger	3,993,308
Disposals	-
Depreciation	(8,368)
Closing net book amount	4,217,316

30: Capital management

The group manages its capital to ensure that it will be able to continue as a going concern while maximising the return on investments. The Committee ensure that the overall risk management strategy is in line with this objective.

The capital structure of the group consists of cash and cash equivalents and members' funds, comprising reserves and retained earnings.

The Committee effectively manages the group's capital by assessing the group's financial risk and responding to changes in these risks and in the market. These responses may include the consideration of debts levels. There have been no changes to the strategy adopted by Committee to control capital of the entity since the previous year. No operations of the group are subject to external imposed capital requirements.

31: Disclosure requirements under the rules

In terms of the Rules of the CFMEU, the Union is required to provide additional disclosures.

a) *CFMEU Rule 24C and the Union Rule 14G - Officers' Material Personal Interests*

None of the Officers have disclosed any material personal interests in a matter that the officer has or acquires; or a relative of the officer has or acquires; that relates to the affairs of the Division.

b) *CFMEU Rule 24D and the Union Rule 14H - Payments to related parties and declared person or body of the Union*

Payments to related parties are disclosed under Note 25.

No payments were made by the Division to a declared person or body of the Division.

c) *CFMEU Rule 24B and the Union Rule 14F - Remuneration paid to the five highest paid officers of the Division and the two highest paid officers of the Districts.*

Name of officer	District/Office	*Wages*	*Super-annuation*	*Other*	*Total*	*Period of office*	*Form of Non Cash Benefits*	*FBT gross up value*
Michele O'Neil	Division	404,308	6,416	-	410,724	28/3/2018 – 17/7/2018	*vehicle*	3,093
Mark Edwards	New South Wales District	147,776	9,284	-	157,060	28/3/2018 – 14/9/2018	*vehicle*	-
Frank Vari	Victorian District	119,894	17,371	1,300	138,565		*vehicle*	10,504
Jane Calvert	Division	128,480	5,872	650	135,002		*vehicle*	8,262
Leo Skourdoumbis	Division	113,243	16,725	1,300	131,265		*vehicle*	12,530
Craig Smith	Division	111,098	16,698	3,284	131,080		*vehicle*	4,387

In terms of the rules:

"Remuneration"

(i) Includes pay, wages, salary, fees, allowances, leave, benefits or other entitlements; but
(ii) Does not include a non-cash benefit; and
(iii) Does not include the reimbursement or payment of reasonable expenses incurred in the course of the office carrying out his or her duties

Note 1:
These officers were entitled to receive director's fees during the period of disclosure but elected not to receive those fees which were instead directed to and paid to the Union.
Note 2:
Where there is only one officer disclosed for a District, there is only one officer in this District.
Note 3:
In some cases officers are both officers of Division and a District. In this case the officer's total remuneration is disclosed under both areas.

32: Acquisition of assets and liabilities on amalgamation

On 27 March 2018, the Construction, Forestry, Mining and Energy Union (CFMEU) amalgamated with The Maritime Union of Australia (MUA) and the Textile, Clothing and Footwear Union of Australia (TCFUA) Textile Union. The scheme of amalgamation application proposed that upon the amalgamation taking effect the MUA and TCFUA would be de-registered and the CFMEU would remain registered. The name of the newly amalgamated union is Construction, Forestry, Maritime, Mining and Energy Union. The structure of the organisation incorporates divisions, to which the members of the organisation are attached, namely:

- the Construction and General Division,
- the Maritime Union of Australia Division,
- the Manufacturing Division, and
- the Mining and Energy Division.

The organisation and each of its divisions have their own discrete set of rules by which they are governed. The members of the CFMEU FFPD become the members of the Manufacturing Division.

The net book value of assets and or liabilities transferred to CFMMEU- Manufacturing Division for no consideration is used to account for an amalgamation under Part 2 of Chapter 3 of the *Fair Work (Registered Organisations) Act 2009*

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

CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION
MANUFACTURING DIVISION
ABN 34 183 611 895
AND CONTROLLED ENTITY

STATEMENT BY DIVISIONAL EXECUTIVE

On 28 June 2019, the Divisional Executive of the Construction, Forestry, Maritime, Mining and Energy Union Manufacturing Division passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2018:

The Committee of Management declares that in its opinion:

1. the financial statements and notes comply with Australian Accounting Standards;
2. 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);
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
4. 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;
5. during the financial year to which the GPFR relates and since the end of that year:
    a. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
    b. 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
    c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
    d. 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 consistent manner with each of the other reporting units of the organisation; and
    e. 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 has been provided to the member or Commissioner; and
    f. 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.

Signature of designated officer: ______________________

Name of designated officer: Michael O'Connor

Title of designated officer: Construction Forestry Maritime Mining & Energy Union – Manufacturing Division Divisional Secretary

Dated: 28 June 2019

Suite 5, First Floor
240 Bay Street
BRIGHTON VIC 3186

All correspondence to
PO Box 2390
BRIGHTON NORTH VIC 3186

E bgl@bglpartners.com.au
T (03) 9525 2511
F (03) 9525 2829
W bglpartners.com.au

ABN 96 006 935 459

BGL & Associates Pty Ltd
ACN 006 935 459
Trading as BGL Partners

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION MANUFACTURING DIVISION

(FORMERLY CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION)

Report on the audit of the financial report

We have audited the accompanying financial report of the Construction, Forestry, Maritime, Mining and Energy Union Manufacturing Division ("the Division) (formerly Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division) and its subsidiary, which comprises the balance sheet as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year ended and notes to the financial statements including a summary of significant accounting policies, and the Statement by the Divisional Executive of the Division.

In our opinion:

- the general purpose financial report of the Division and consolidated group presents fairly, in all material respects, the financial position of the Division and consolidated group as at 31 December 2018 and the results of its operations, its changes in equity and cash flows for the year then ended, in accordance with any of the following that apply to the entity:

  a) the Australian Accounting Standards;

  b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

- the Divisional Executive's use of the going concern basis of accounting in the preparation of the Division's financial statements 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Suite 5, First Floor
240 Bay Street
BRIGHTON VIC 3186

All correspondence to

PO Box 2390
BRIGHTON NORTH VIC 3186

E bgl@bglpartners.com.au
T (03) 9525 2511
F (03) 9525 2829
W bglpartners.com.au

ABN 96 006 935 459

BGL & Associates Pty Ltd
ACN 006 935 459
Trading as BGL Partners

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION MANUFACTURING DIVISION (Continued)

(FORMERLY CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION)

Independence

We are independent of the entity in accordance with auditor independent requirements of ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the "Code") that are relevant to our audit of the financial report in Australia. We have fulfilled our other ethnical responsibilities in accordance with the Code.

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

The Divisional Executive is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

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

Divisional Executive 's responsibility for the financial report

The Divisional Executive are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* and for such internal control as the Divisional Executive determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Divisional Executive are responsible for assessing the entity'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 Divisional Executive either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Suite 5, First Floor
240 Bay Street
BRIGHTON VIC 3186

All correspondence to

PO Box 2390
BRIGHTON NORTH VIC 3186

E bgl@bglpartners.com.au
T (03) 9525 2511
F (03) 9525 2829
W bglpartners.com.au

ABN 96 006 935 459

BGL & Associates Pty Ltd
ACN 006 935 459
Trading as BGL Partners

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION MANUFACTURING DIVISION (Continued)

(FORMERLY CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION)

Auditor 's responsibility 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 this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Divisional Executive.
- Conclude on the appropriateness of the Divisional Executive's use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the 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.

Suite 5, First Floor
240 Bay Street
BRIGHTON VIC 3186

All correspondence to

PO Box 2390
BRIGHTON NORTH VIC 3186

E bgl@bglpartners.com.au
T (03) 9525 2511
F (03) 9525 2829
W bglpartners.com.au

ABN 96 006 935 459

BGL & Associates Pty Ltd
ACN 006 935 459
Trading as BGL Partners

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MARITIME, MINING AND ENERGY UNION MANUFACTURING DIVISION (Continued)

(FORMERLY CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION)

I declare that I am an approved auditor, a member of The Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

BGL Partners

BGL Partners

JHinds

I. A. Hinds - C.A. – Partner
Registration number (as registered by the RO Commissioner under the RO Act): AA2018/87

28 June 2019
Melbourne

Australian Government
Registered Organisations Commission

22 May 2019

Michael O'Connor
Divisional Secretary
Construction, Forestry, Maritime, Mining and Energy Union – Manufacturing Division

By email: moconnor@cfmeu.org
CC: pgilmour@cfmeu.org

Dear Michael O'Connor,

Request by the Construction, Forestry, Maritime, Mining and Energy Union – Manufacturing Division for extension of time to provide members with a copy of the financial report for the year ended 31 December 2018 (FR2018/319)

I acknowledge receipt on 20 May 2019 of a request for an extension of time to provide members of the Construction, Forestry, Maritime, Mining and Energy Union – Manufacturing Division (**the reporting unit**) with a copy of the financial report for the year ended 31 December 2018.

Your letter advised that the integration of the financial and administrative arrangements of the former Textile, Clothing and Footwear Union of Australia (**TCFUA**) and the former Construction, Forestry, Mining and Energy Union, Forestry Furnishing Building Products & Manufacturing Division into the reporting unit has been challenging and created a significant burden of work internally for the reporting unit as well as auditors of both former entities. Due to this reason, the audit for the former TCFUA for the pre-amalgamation period is not yet complete. This has led to the delay in the completion of the reporting unit's audit. You have advised that the audit is underway but unlikely to be completed with sufficient time remaining for the reporting unit to meet the requirements regarding formal approval by the reporting units committee of management, conclusion of the audit and members receiving a copy of the audited financial report by the statutory timeframe of 31 May 2019.

Where the financial report is to be presented to a meeting of the committee of management, subsection 265(5)(b) of the RO Act requires that copies of the full or concise report be provided to members within 5 months of the end of the financial year, that is by 31 May 2019. Subsection 265(5) enables the Commissioner, upon application by a reporting unit, to extend the period by no more than one month.

Having considered your reasons, I allow an extension of time for a period of one month, until 30 June 2019, to provide members with the financial report of the reporting unit for the year ended 31 December 2018.

As you are also aware, on 27 March 2018 the Construction, Forestry, Mining and Energy Union, the Maritime Union of Australia and the TCFUA amalgamated to form the Construction, Forestry, Maritime, Mining and Energy Union. I note that the request for extension of time to provide members with a copy of the financial report lodged with the ROC on 20 May 2019 refers to the reporting unit's previous name that is, the Construction, Forestry, Mining and Energy Union.

If we can assist you in any further way, please do not hesitate to contact me or Kylie Ngo on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely

Chris Enright
Executive Director
Registered Organisations Commission

CFMEU Manufacturing Division
National Office
540 Elizabeth Street
MELBOURNE VIC 3000
Phone: (03) 9274 9200
Fax: (03) 9274 9284
Freecall: 1800 060 556

20 May 2019

Mr Mark Bielecki
Commissioner
Registered Organisations Commission
GPO Box 2983
MELBOURNE VIC 3001

By email: regorgs@roc.gov.au

Dear Commissioner

RE: Request for extension of time for presentation and lodgment of General Purpose Financial Report for the year ended 31 December 2018

The CFMEU Manufacturing Division (CFMEU MD) is required under s.265(5)(b) of the Fair Work (Registered Organisations) Act 2009 to make the Division's General Purpose Financial Report (GPFR) available to members within a period of 5 months from the end of our financial year. As the Division's Financial Year ends on 31 December, such Reports are required to be available to members no later than 31 May of the following year. Following on from this deadline, presentation of the GPFR to the Committee of Management for endorsement by resolution is required by 30 June, with lodgement of the completed GPFR with the Registered Organisations Commission to follow within 14 days from that resolution of the Committee of Management.

I write to request an extension until 30 June 2019 of the deadline for provision of the GPFR to members. The reason for which the extension is that the work required to finalise the FY 2018 audit is unlikely to be completed in time to make the GPFR available by 31 May 2019.

Financial Year 1 January – 31 December 2018 has been challenging, with complex and time-consuming work being undertaken to integrate into CFMEU Manufacturing Division (CFMEU MD) the financial and administrative arrangements of the former Textile Clothing and Footwear Union of Australia (TCFUA) and former CFMEU Forestry Furnishing Building Products & Manufacturing Division (CFMEU FFPD).

There has been a significant burden of work internally for the Manufacturing Division, as well as for the auditors of both former entities to finalise the pre- and post-amalgamation affairs of the Division. The audit for the former-TCF covering the 3-month pre-amalgamation period from 1/01/2018 – 27/03/2018 is not yet complete, and this delay has a knock-on effect for the completion of the Manufacturing Division audit. The Manufacturing Division audit is currently underway, but the auditor has advised that it is unlikely that the audit will be completed with sufficient time remaining for the

Division to meet the requirements regarding formal approval by the Committee of Management, conclusion of the audit, and member access to the audited GPFR by the deadline of 31 May 2019.

I request that the Commissioner exercise the discretion afforded under s.265 (5) of the Fair Work (Registered Organisations) Act 2009 to extend the period within which the GPFR must be made available to members by one month, until 30 June 2018.

If an extension is granted, the Division will make every effort to comply with its reporting requirements earlier than the revised deadline. I note previous advise from the Commissioner that, should the extension be granted, presentation to the Committee of Management meeting of the full GPFR is still required to be to be completed within 6 months of the end of the Division's financial year, that is, no later than 30 June 2019.

I make this request well prior to the deadline for provision of the full GPFR to members to ensure that the Commissioner is apprised of the Division's current circumstances with sufficient notice to make a considered decision.

Should any further information be required, please contact the Manufacturing Division's Executive Officer, Penny Gilmour, by email to pgilmour@cfmeu.org or by phone on (03) 9274 9244 or 0408 230 967.

Thank you for your consideration of this request.

Yours sincerely

MICHAEL O'CONNOR
Divisional Secretary
CFMEU Manufacturing Division

Australian Government
Registered Organisations Commission

21 January 2019

Mr Michael O'Connor
National Secretary / Divisional Secretary
Construction, Forestry, Maritime, Mining and Energy Union- Manufacturing Division
By Email: industrial@cfmeuffpd.org

Dear Mr O'Connor,

Re: Lodgement of Financial Report - [FR2018/319]
***Fair Work (Registered Organisations) Act 2009* (the RO Act)**

The financial year of the Construction, Forestry, Maritime, Mining and Energy Union - Manufacturing Division (the reporting unit) ended on 31 December 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding $1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 31 March 2019.

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

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

Financial report

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

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 June 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

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

You can visit our website for more information regarding financial reporting, and fact sheets regarding financial reporting processes and requirements. A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act must also include the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. A copy of the latest reporting guidelines for the purpose of section 253 is available on our website.

It should be noted that the subsection 255(2A) report must be identified by title in the auditor's report in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

A fact sheet is available on our website which provides guidance on the reporting requirements under subsection 255(2A) of the RO Act.

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

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

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

Kylie Ngo
Registered Organisations Commission

Australian Government
Registered Organisations Commission

FS 008
(19 July 2018)

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

General Information:

- The ***full report*** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our Fact sheet—financial reporting process.

STEP 1:
Reporting unit must prepare the General Purpose Financial Report, Committee of Management Statement, s.255(2A) Report and Operating Report **as soon as practicable after the end of the financial year:**

STEP 2:
Committee of Management statement – resolution to be passed by the Committee of Management in relation to the General Purpose Financial Report **(1st meeting)**

STEP 3:
Registered Auditor to prepare and sign the Auditor's Report and provide to the Reporting unit **within a reasonable timeframe**

IF **RULES** PROVIDE FOR PRESENTATION OF FULL REPORT AT **GENERAL MEETING OF MEMBERS**
(this is the default process in the RO Act)

STEP 4:
Provide ***full report*** to members **at least 21 days before the General Meeting**

STEP 5:
Present ***full report*** to a General Meeting of Members **within 6 months of the reporting unit's end of financial year (2nd meeting)**

STEP 6:
Prepare and sign the designated officer's certificate then lodge ***full report*** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**

IF **RULES** PROVIDE FOR PRESENTATION OF FULL REPORT **AT COMMITTEE OF MANAGEMENT MEETING**
(Special rules must be in the rulebook to use this process)

STEP 4:
Provide ***full report*** to members **within 5 months of the reporting unit's end of financial year**

STEP 5:
Present ***full report*** to Committee of Management Meeting **within 6 months of the reporting unit's end of financial year (2nd meeting)**

STEP 6:
Prepare and sign the designated officer's certificate then lodge ***full report*** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**

Misconceptions

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

Misconception	Requirement
✘ The Committee of Management statement is just copied from the Reporting Guidelines	✔ The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made
✘ The Auditor's Report does not need to be signed until just before it is lodged with the ROC	✔ The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting
✘ The Designated Officer's Certificate must be signed before the report is sent to members	✔ The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting
✘ Documents can be dated when they should have been signed or when the events in the document occurred	✔ Documents must always be dated at the date they are actually signed by an officer or auditor
✘ Any auditor can audit a financial report	✔ Only registered auditors can audit the financial report
✘ The Committee of Management statement can be signed at any time	✔ The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated
✘ Any reporting unit can present the Full Report to a second COM meeting	✔ Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members
✘ Everything can be done at one Committee of Management meeting	✔ If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)
✘ The reporting unit has 6 months and 14 days to lodge their financial report with the ROC	✔ The reporting unit must lodge the financial report within 14 days of the second meeting

FS 009
(14 December 2018)

Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

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

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

The Loans, Grants & Donations Statement

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

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

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

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

Common misconceptions

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

Misconception		Requirement	
✘	Only reporting units must lodge the Statement.	✔	All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
✘	Employees can sign the Statement.	✔	The statement must be signed by an elected officer of the relevant branch.
✘	Statements can be lodged with the financial report.	✔	The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 14(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were $1000 or less and those that exceeded $1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the ROC's Model Statements the note appears as follows:

Note 4E: Grants or donations*

Grants:	**2017**	2016
Total expensed that were $1,000 or less	**-**	-
Total expensed that exceeded $1,000	**-**	-
Donations:		
Total expensed that were $1,000 or less	**-**	-
Total expensed that exceeded $1,000	**-**	-
Total grants or donations	**-**	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, even if the figures are NIL.

Implications for filing the Financial Report

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

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

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

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

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

Further information

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