



FAIR WORK
COMMISSION

17 July 2015

Mr Dave Noonan
Divisional Secretary
Construction and General Division
Construction, Forestry, Mining and Energy Union

Sent via email: queries@fed.cfmeu.asn.au

Dear Mr Noonan

Re: Lodgement of financial statements and accounts - Construction, Forestry, Mining and Energy Union, Construction and General Division - for year ended 31 December 2014 (FR2014/398)

I refer to the financial report lodged for the Construction and General Division in respect of the year ended 31 December 2014. The documents were lodged with the Fair Work Commission on 18 June 2015. The financial report has been filed.

The financial report was assessed under a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. You are not required to take any further action in respect of the report lodged.

Please note that the financial report for the year ended 31 December 2015 may be subject to an advanced compliance review.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you require information on the financial reporting requirements of the Act, I may be contacted on (02) 6746 3283 or by email at stephen.kellett@fwc.gov.au.

Yours sincerely

Senior Adviser, Regulatory Compliance Branch

From: KELLETT, Stephen
Sent: Friday, 17 July 2015 6:14 PM
To: 'queries@fed.cfmeu.asn.au'
Cc: bparker@nsw.cfmeu.asn.au
Subject: Attention Mr Dave Noonan - Financial reporting - C&G Divisional Office - y/e 31 December 2014 - filing

Dear Mr Noonan,

Please see attached my letter in relation to the above.



CFMEU BWIU
FR2014 398 (primary)

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
FAIR WORK COMMISSION

80 William Street
EAST SYDNEY NSW 2011

(ph) (02) 6746 3283
(email) stephen.kellett@fwc.gov.au

-----Original Message-----

From: efiling@fwc.gov.au [<mailto:efiling@fwc.gov.au>]

Sent: Thursday, 18 June 2015 11:03 AM

To: sydney@fwc.gov.au

Subject: Dispatch advice of electronic filing - Registered Organisations -
Matter Number FR2015/19

This message, with the electronic document(s) attached has been dispatched to the email address(es) specified above. For the purposes of subrules 20.5 & 20.6, this is NOT an acknowledgement that your document is taken to have been filed with Fair Work Commission. You will be subsequently advised whether your document is taken to have been filed.

Please review the details below and inform the office by email at the address specified below if they are incorrect and/or incomplete.

The documents will be manually checked against the Rules of the Fair Work Commission as soon as possible and you will be advised by email of any anomaly.

Please note that each FWC office is open on ordinary working days between the hours of 9.00 am and 5.00 pm, local time.

NSW

Email: sydney@fwc.gov.au

18/06/2015 10:55

Type of Application: financial returns

Matter Number (IF your eFiling is accepted): FR2015/19 Registry in which to be filed: NSW

Contact Details

Title: Miss

Given name(s): Ashleigh

Surname: Chapman

Position: National Legal & Industrial Secretary

Organisation: CFMEU Construction & General

Address: Level 9

215-217 Clarence Street

Sydney NSW 2000 Postcode: 2000

Phone No: 0285245800

Mobile Phone No: Fax No: 0285205801

Email Address: hearings@fed.cfmeu.asn.au

Comments:

Attachments:

Lodgement of full financial report: CFMEU National 2014 Signed Financial Report.pdf
Lodgement of full financial report: Secretarys Certificate signed June 2015.pdf



CFMEU National
2014 Signed Financial



Secretarys Certificate
signed June 2015.pdf

Construction, Forestry, Mining and Energy Union

(Construction and General Division)

FOR THE YEAR ENDED 31 DECEMBER, 2014

SECRETARY'S CERTIFICATE

Pursuant to Section 268 of the *Fair Work (Registered Organisations) Act 2009*, I Dave Noonan, certify that the auditor's report, accounts and statements of the above named Division for the year ended 31 December, 2014, annexed hereto and provided to members on 31 May, 2015 are copies of the documents presented to the meeting of the Divisional Executive Committee on 16th June, 2015.



Dave Noonan
Divisional Secretary
CFMEU Construction & General Division
National Office

Date

16/6/2015.

**Construction Forestry Mining and Energy Union,
Construction and General Division – National Office**

ABN: 46 243 168 565

Financial Statements

For the Year Ended 31 December 2014

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Financial Statements

31 December 2014

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Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Operating Report

31 December 2014

The Divisional Executive of the Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union") present this Operating Report on the Union for the financial year ended 31 December 2014.

Divisional Executive

The names of Divisional Executive in office at any time during the year are:

Name	Position	Period of Appointment
Dave Noonan	Divisional Secretary	1/1/14 to 31/12/14
Frank O'Grady	Divisional Assistant Secretary	1/1/14 to 31/12/14
Brad Parker	Divisional Assistant Secretary	1/1/14 to 31/12/14
David Hanna	President	1/1/14 to 31/12/14
Joe McDonald	Vice President	1/1/14 to 31/12/14
John Setka	Divisional Senior Vice-President	1/1/14 to 31/12/14
Rita Mallia	Divisional Executive Member	1/1/14 to 31/12/14
Brian Parker	Divisional Executive Member	1/1/14 to 31/12/14
Aaron Cartledge	Divisional Executive Member	1/1/14 to 31/12/14
Dean Hall	Divisional Executive Member	1/1/14 to 31/12/14
Jade Ingham	Divisional Executive Member	1/1/14 to 31/12/14
Michael Ravbar	Divisional Executive Member	1/1/14 to 31/12/14
Michael Buchan	Divisional Executive Member	1/1/14 to 31/12/14
Shaun Reardon	Divisional Executive Member	1/1/14 to 31/12/14
Elias Spernovasilis	Divisional Executive Member	1/1/14 to 31/12/14

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Operating Report

31 December 2014

Principal activities

The principal activities of the Union during the year were:

- Implementation of Divisional Executive Decisions.
- Maintenance of Union Rules, Registrations and Affiliations.
- Organising Executive Meetings and Divisional Conferences as well as National Safety Officer Meetings.
- Conducting Activities for Parliamentary, Divisional and Divisional Branch elections, including assisting with statutory requirements.
- Co-ordinating seminars / education courses for Branch Officers to inform them of current developments or to seek collective input in the development of national policies.
- Representing the Division's interest on various national committees and organisations.
- Co-ordinating the involvement of the Union in relevant international trade union bodies and conferences.
- Responsibility for servicing national awards and enterprise agreements and maintaining related information services. Divisional Office also advises Branches on industrial matters.
- Provision to Branches with economic and industrial research.
- Provision to Branches of assistance with administration and financial management.
- Provision to Branches of a National Library including information service / library through an electronic data base.
- Co-ordinating O H & S nationally and maintaining a national policy database and information service.
- Providing prime responsibility of initiating and leading the conduct of legal action launched in defence of the Division's constitutional work.
- Providing a National Computer Department to service each Branch and Divisional Office.
- Provision of National Publicity Services in respect of the national newspaper, safety newsletter and various brochures on industrial issues, media issues etc.
- Provision of a National Training Agenda by representing the Union on various Boards and Committees.

Operating results

The loss of the Union amounted to \$ (385,682) (2013: \$ (44,045)).

Review of operations

A review of the operations and results of the Union is performed in the meetings of the Executive Officers and also at each meeting of the Divisional Executive. Additionally, such matters are considered at the regular meeting of the General Officers of the Union.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Union during the year.

Events after the reporting date

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

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Operating Report

31 December 2014

Membership of the Union

There were 64,644 financial members of the Union as at 31 December 2014.

Rights of members to resign

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

Employees of the Union

As at 31 December 2014 the Union employed 15 full time equivalent employees.

Superannuation trustees

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

Mr Frank O'Grady is a Divisional Assistant Secretary of the Union and is a director of United Super Pty Ltd which acts as Trustee of C Bus.

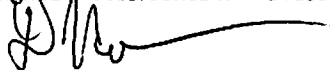
Ms Rita Mallia is a Divisional Executive Member. Rita is a director of United Super Pty Ltd which acts as Trustee of C Bus.

Mr David Hanna is Divisional President of the Union. David is a director of BUSS (Queensland) Pty Ltd which acts as trustee of BUSS[Q].

No other officer or member of the Union acts:

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

Signed in accordance with a resolution of the Divisional Executive:



DAVE NOONAN
Divisional Secretary

Dated 20 May 2015

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

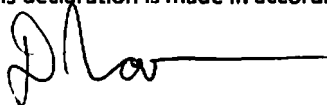
Divisional Executive Statement

On 20 May 2015, the Divisional Executive of the Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the reporting unit"), passed the following resolution in relation to the general purpose financial report (GPFR) for the financial year ended 31 December 2014:

The Divisional Executive declares that in its opinion:

- (a) The financial statements and notes comply with the Australian Accounting Standards;
- (b) The financial statements and notes comply with the reporting guidelines of the General Manager of the Fair Work Commission (the "General Manager");
- (c) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) There are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) During the financial year to which the GPFR relates and since the end of that year:-
 - i) Meetings of the Divisional Executive were held in accordance with the rules of the Union; and
 - ii) The financial affairs of the reporting unit have been managed in accordance with the rules of the Union; and
 - iii) The financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 ('The RO Act') and the Fair Work (Registered Organisations) Regulations 2009; and
 - iv) The financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - v) Where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act it has been provided to the member or General Manager; and
 - vi) Where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) During the financial year ended 31 December 2014 no revenue has been derived by the reporting unit from undertaking recovery of wages activity during the reporting period.

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



DAVE NOONAN
Divisional Secretary



FRANK O'GRADY
Divisional Assistant Secretary

Dated 20 May 2015

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2014

	Note	2014 \$	2013 \$
Revenue	4	4,524,666	4,998,615
Other income	4	307,991	213,537
Administration expenses		(355,881)	(437,971)
Affiliation fees		(10,060)	(38,308)
Capitation fees		(928,036)	(704,854)
Conference and meeting expenses		(56,539)	(254,160)
Depreciation and amortisation		(206,638)	(238,581)
Donation expense		(87,025)	(128,578)
Employee benefits expense	5	(2,214,585)	(2,217,994)
Legal fees		(311,661)	(61,685)
Travel expenses		(406,917)	(424,302)
Other expenses		(640,997)	(705,014)
Provision for impairment expense	7(a)	-	(44,750)
Result for the year		(385,682)	(44,045)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(385,682)	(44,045)

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Balance Sheet

31 December 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,233,893	773,039
Trade and other receivables	7	632,354	304,539
Other financial assets	8	3,071,599	2,961,105
Other assets	9	92,627	182,173
TOTAL CURRENT ASSETS		5,030,473	4,220,856
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,517,574	3,712,878
TOTAL NON-CURRENT ASSETS		3,517,574	3,712,878
TOTAL ASSETS		8,548,047	7,933,734
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	990,999	342,742
Employee benefits	13	825,606	962,901
Other liabilities	12	504,169	40,000
TOTAL CURRENT LIABILITIES		2,320,774	1,345,643
NON-CURRENT LIABILITIES			
Employee benefits	13	121,283	96,419
TOTAL NON-CURRENT LIABILITIES		121,283	96,419
TOTAL LIABILITIES		2,442,057	1,442,062
NET ASSETS		6,105,990	6,491,672
EQUITY			
Retained earnings		6,105,990	6,491,672
TOTAL EQUITY		6,105,990	6,491,672

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Statement of Changes in Equity

For the Year Ended 31 December 2014

	Retained Earnings	
	2014	2013
	\$	\$
Balance at 1 January	6,491,672	6,535,717
Result for the year	<u>(385,682)</u>	<u>(44,045)</u>
Balance at 31 December	<u>6,105,990</u>	<u>6,491,672</u>

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Statement of Cash Flows

For the Year Ended 31 December 2014

	2014	2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Membership levies	4,880,277	4,737,042
Payments to suppliers and employees	(5,811,580)	(5,358,894)
Interest received	125,489	161,459
Other levies	1,391,696	815,476
Net cash provided by operating activities	14 <u>585,882</u>	<u>355,083</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	8,875	-
Purchase of property, plant and equipment	(23,409)	(74,881)
Purchase of investments	(110,494)	(139,019)
Net cash used by investing activities	<u>(125,028)</u>	<u>(213,900)</u>
Net increase in cash and cash equivalents held	460,854	141,183
Cash and cash equivalents at beginning of year	<u>773,039</u>	<u>631,856</u>
Cash and cash equivalents at end of financial year	6 <u><u>1,233,893</u></u>	<u><u>773,039</u></u>

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Notes to the Financial Statements

For the Year Ended 31 December 2014

The financial report covers the Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union") as an individual entity. The Union is a not-for-profit organisation.

The financial report was authorised for issue by the Divisional Executive on 20 May 2015.

Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of Preparation

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

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2. Summary of Significant Accounting Policies

(a) Revenue and other income

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

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

Capitation fees

Revenue from the provision of capitation fees is recognised on an accruals basis and is recorded as revenue in the year to which it relates.

Other income

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Notes to the Financial Statements

For the Year Ended 31 December 2014

2. Summary of Significant Accounting Policies (Continued)

(a) Revenue and other Income (Continued)

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Levies

On occasion, the Union is responsible for the collection of levies from state-based reporting units of the Construction and General Division, on behalf of the CFMEU National Office. Whilst the cash flows are facilitated (and reported) through this Union, the substance and nature of these transactions are such that the Union is merely the conduit for the levy collection and hence no income or expense is reported in this financial report.

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

(b) Property, plant and equipment

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

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

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Notes to the Financial Statements

For the Year Ended 31 December 2014

2. Summary of Significant Accounting Policies (Continued)

(b) Property, plant and equipment (Continued)

Depreciation

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

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

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

Fixed asset class	Depreciation rate
Land and Buildings	2%
Furniture, Fixtures and Fittings	10 - 20%
Motor Vehicles	20%
Computer Equipment	20 - 30%

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

(c) Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Notes to the Financial Statements

For the Year Ended 31 December 2014

2. Summary of Significant Accounting Policies (Continued)

(d) Financial instruments

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

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

Financial Assets

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

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

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

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

Loans and receivables

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

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

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

Discounting is omitted where the effect of discounting is considered immaterial.

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

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Notes to the Financial Statements

For the Year Ended 31 December 2014

2. Summary of Significant Accounting Policies (Continued)

(d) Financial Instruments (Continued)

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Union has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the balance sheet at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

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

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Notes to the Financial Statements

For the Year Ended 31 December 2014

2. Summary of Significant Accounting Policies (Continued)

(d) Financial Instruments (Continued)

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

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

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

Losses recognised in prior period consolidated statement of profit or loss and other comprehensive income statements resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Impairment of financial assets

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

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

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

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

Available-for-sale financial assets

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

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Notes to the Financial Statements

For the Year Ended 31 December 2014

2. Summary of Significant Accounting Policies (Continued)

(d) Financial Instruments (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Union uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

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

(e) Impairment of non-financial assets

At the end of each reporting period the Union determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(f) Employee benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

2. Summary of Significant Accounting Policies (Continued)

(f) Employee benefits (Continued)

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the balance sheet if the Union does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(g) Provisions

Provisions are recognised when the Union has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(h) Economic dependence

The principle source of income for Construction Forestry Mining and Energy Union, Construction and General Division – National Office is capitation fees from its Divisions. Accordingly, the Union is economically dependent on the ability of the Divisions to continue to service the needs of its members on industrial and workplace matters.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(j) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

2. Summary of Significant Accounting Policies (Continued)

(j) Goods and services tax (GST) (Continued)

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

(k) Income tax

No provision for income tax is necessary, as the Union (being a registered Industrial Trade Union) is exempt from income tax under s.50-15 of the Income Tax Assessment Act.

(l) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(m) Related party disclosures

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

(n) Adoption of new and revised accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 reporting periods and have not been early adopted by the union.

There are no 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.

(o) New Accounting Standards and Interpretations

During the current year, there have been no new or revised accounting standards that have become mandatory, which have had a material impact (in the current year or retrospectively) upon the measurement of assets, liabilities, equity, income or expenses, nor upon the disclosures required in the financial report.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

3. Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Union assesses impairment at the end of each reporting period by evaluating conditions specific to the Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - provisions

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

Key estimates - receivables

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

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Notes to the Financial Statements

For the Year Ended 31 December 2014

4. Revenue and Other Income

Revenue from continuing operation

	2014	2013
Note	\$	\$
Membership subscriptions	-	-
Capitation fees by branch		
- Victoria and Tasmania	1,484,380	1,576,966
- New South Wales	743,178	804,364
- Queensland	941,624	616,602
- South Australia	141,520	144,515
- Western Australia	537,271	638,068
- Australian Capital Territory	96,275	100,964
- Queensland Labourers	-	265,600
	<u>3,944,248</u>	<u>4,147,079</u>
Attendance fees	319,973	311,534
Computer costs reimbursed	4,172	9,358
Wage reimbursements	75,183	88,720
Advertising revenue	111,090	120,715
Donations	70,000	125,000
Divisional conference sponsorship	-	195,695
Legal fee recoveries	-	514
Levies	2(a) -	-
	<u>4,524,666</u>	<u>4,998,615</u>
Other revenue		
Interest income	122,424	145,355
Rental income	185,567	68,182
	<u>307,991</u>	<u>213,537</u>
Total Revenue	<u><u>4,832,657</u></u>	<u><u>5,212,152</u></u>

Please refer to note 2(m) for further commentary in relation to the consistency of transactions and balances between reporting units.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

5. Result for the Year

The result for the year includes the following specific expenses:

	2014	2013
	\$	\$
Employee expenses comprises:		
Holders of office:		
- Wages and salaries	585,405	404,020
- Superannuation	47,050	53,088
- Leave and other entitlements	(107,209)	7,574
- Separation and redundancies	11,775	12,795
- Other employee expenses	69,104	74,438
	<u>606,125</u>	<u>551,915</u>
Employees other than office holders:		
- Wages and salaries	1,345,849	1,284,471
- Superannuation	147,116	147,152
- Leave and other entitlements	(5,222)	105,947
- Separation and redundancies	33,455	34,320
- Other employee expenses	87,262	94,189
	<u>1,608,460</u>	<u>1,666,079</u>
Total employee expense	<u>2,214,585</u>	<u>2,217,994</u>
Capitation fees: CFMEU	<u>928,036</u>	<u>704,854</u>
Affiliation fees		
- Sponsorship of catalyst	10,000	10,000
- Asbestos disease foundation	60	60
- Cancer council fun run	-	355
- UTIBB	-	29,939
- MTFU	-	(2,046)
	<u>10,060</u>	<u>38,308</u>
Administration expenses		
- Consideration to employers for payroll deductions	-	-
- Compulsory Levies - ACTU IR Levy	135,468	132,532
- Conference and meeting expenses	56,539	254,160
- Fees/ allowances - meeting and conferences	-	-

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

5. Result for the Year (Continued)

The result for the year includes the following specific expenses: (Continued)

	2014	2013
Note	\$	\$
Grants or donations:		
- Grants - total paid that were \$1,000 or less	-	-
- Grants - total paid that were more than \$1,000	-	-
- Donations - total paid that were \$1,000 or less	25	3,578
- Donations - total paid that were more than \$1,000	87,014	125,000
	<u>87,039</u>	<u>128,578</u>
Depreciation and amortisation		
- Land and buildings	134,470	131,985
- Property plant and equipment	72,168	106,596
	<u>206,638</u>	<u>238,581</u>
Legal costs		
- Litigation	100,936	58,036
- Other legal matters	2,545	3,894
- Royal Commission costs	1,013,056	-
- Costs reimbursed by CFMEU National	2(a) (804,876)	-
	<u>311,661</u>	<u>61,930</u>
Net loss on disposal on fixed assets	3,210	-
Penalties - via RO act or RO regulations	-	-

6. Cash and Cash Equivalents

Cash on hand	1,554	1,554
Cash at bank	426,482	173,507
Other cash and cash equivalents	805,857	597,978
	<u>1,233,893</u>	<u>773,039</u>

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

7. Trade and Other Receivables

	2014	2013
Note	\$	\$
CURRENT		
Capitation fees receivable	-	77,435
Other receivables	<u>632,354</u>	<u>227,104</u>
	<u>632,354</u>	<u>304,539</u>
NON-CURRENT		
Loans to related parties	-	44,750
Provision for impairment	(a) -	<u>(44,750)</u>
	<u>-</u>	<u>-</u>

(a) Provision for impairment

In the 2013 year a provision for impairment was raised against a loan to the South Australian Branch based on management's expectation regarding its recoverability. During the 2014 year, the Union resolved that the loan be forgiven resulting in write off of the loan balance.

(b) Receivables from other Reporting Units:

New South Wales Branch	63,782	94,891
Queensland Branch	127,586	69,704
South Australia Branch	-	7,626
Western Australia Branch	50,285	-
Australian Capital Territory Branch	5,055	1,397
Queensland Labourers Branch	-	40,048
Total	<u>246,708</u>	<u>213,666</u>

The above balances exclude the campaign levy contributions collected on behalf of the CFMEU national office, in accordance with note 2(a) and disclosed at note 17(c)(ii).

Please refer to note 2(m) for further commentary in relation to the consistency of transactions and balances between reporting units.

8. Other Financial Assets

CURRENT		
Held-to-maturity financial assets	<u>3,071,599</u>	<u>2,961,105</u>

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

9. Other Assets

	2014	2013
	\$	\$
CURRENT		
Prepayments	88,863	175,344
Accrued income	3,764	6,829
	<u>92,627</u>	<u>182,173</u>

10. Property, Plant and Equipment

Freehold land - at cost	250,000	250,000
Buildings		
At cost	4,977,378	4,977,378
Accumulated depreciation	(1,354,054)	(1,219,584)
Impairment provision	(476,123)	(476,123)
	<u>3,147,201</u>	<u>3,281,671</u>
Total land and buildings	<u>3,397,201</u>	<u>3,531,671</u>
Furniture, fixtures and fittings		
At cost	105,694	102,904
Accumulated depreciation	(60,916)	(46,497)
	<u>44,778</u>	<u>56,407</u>
Motor vehicles		
At cost	86,745	118,903
Accumulated depreciation	(51,917)	(54,789)
	<u>34,828</u>	<u>64,114</u>
Computer equipment		
At cost	363,544	343,713
Accumulated depreciation	(322,777)	(283,027)
	<u>40,767</u>	<u>60,686</u>
Total plant and equipment	<u>120,373</u>	<u>181,207</u>
Total property, plant and equipment	<u>3,517,574</u>	<u>3,712,878</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2014

10. Property, Plant and Equipment (Continued)

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

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

	Land and buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2013	3,639,963	68,841	53,697	114,077	3,876,578
Additions	23,693	2,257	29,905	19,026	74,881
Depreciation expense	(131,985)	(14,691)	(19,488)	(72,417)	(238,581)
Balance at 31 December 2013	3,531,671	56,407	64,114	60,686	3,712,878
Additions	-	2,790	-	20,619	23,409
Disposals	-	-	(11,391)	(684)	(12,075)
Depreciation expense	(134,470)	(14,419)	(17,895)	(39,854)	(206,638)
Balance at 31 December 2014	3,397,201	44,778	34,828	40,767	3,517,574

(b) Provision for Impairment

As at 31 December 2008, the Union recognised an impairment loss of \$702,755 against the property situated at 276 Pitt Street Sydney.

An independent valuation of this property was sought in respect of the 31 December 2012 financial year-end. The valuation, effective 19 February 2013, indicated that the market value of the property at that date for financial reporting purposes was \$3,150,000. This was \$226,632 more than the carrying value as at 31 December 2012, resulting in the part reversal of this previous impairment loss.

As at 31 December 2014 the Divisional Executive reviewed the key assumptions in respect of this property and concluded that the relevant assumptions made remain materially unchanged and, accordingly, the carrying value remains consistent with that valuation.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

11. Trade and Other Payables

	2014	2013
	\$	\$
CURRENT		
Trade payables	295,840	119,654
Sundry payables and accrued expenses	695,159	223,088
	<u>990,999</u>	<u>342,742</u>

(a) Payables to other reporting units:

Queensland Labourers Branch	-	1,206
CFMEU Mining and Energy Division	1,614	1,849
Victoria and Tasmania Branch	7,759	4,922
Western Australia Branch	-	52,479
South Australia Branch	160,076	-
CFMEU National Office	529,230	-
Total	<u>698,679</u>	<u>60,456</u>

The above balances exclude the campaign levy contributions collected on behalf of the CFMEU national office, in accordance with note 2(a) and disclosed at note 17(c)(ii).

Please refer to note 2(m) for further commentary in relation to the consistency of transactions and balances between reporting units.

(b) Amounts included in trade payables:

Legal costs	592,719	12,139
Consideration to employers for payroll deductions	-	-

12. Other liabilities

CURRENT		
Amounts received in advance	<u>504,169</u>	<u>40,000</u>

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

13. Employee Benefits

	2014	2013
	\$	\$
CURRENT		
Employee benefits	825,606	962,901
NON-CURRENT		
Employee benefits	121,283	96,419
(a) Employee benefits attributable to:		
Office Holders:		
Annual leave	82,340	123,918
Long service leave	137,483	187,220
Separation and redundancies	-	-
Other	10,139	26,033
	229,962	337,171
Employees other than office holders:		
Annual leave	268,667	299,749
Long service leave	422,436	405,553
Separation and redundancies	-	-
Other	25,824	16,847
	716,927	722,149
	946,889	1,059,320

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

14. Cash Flow Information

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

	2014	2013
	\$	\$
Result for the year	(385,682)	(44,045)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	206,638	238,581
- provision for impairment expense	-	44,750
- net loss on disposal of property, plant and equipment	3,200	-
Changes in assets and liabilities:		
- (increase)/decrease in amounts due from Branches	374,797	187,755
- (increase)/decrease in trade and other receivables	(357,435)	(137,878)
- (increase)/decrease in other assets	86,481	(49,644)
- increase/(decrease) in trade and other payables	648,257	14,543
- increase/(decrease) in provisions	(112,431)	113,521
- increase/(decrease) in subs in advance	122,057	(12,500)
Cashflow from operations	<u>585,882</u>	<u>355,083</u>

(b) Cash flow information

Net cash flows relating to reporting units (incl. GST):

Victoria and Tasmania Branch	2,472,787	1,896,719
New South Wales Branch	1,232,184	947,549
Queensland Branch	1,088,116	749,177
Western Australia Branch	818,810	840,435
Australian Capital Territory Branch	162,618	180,879
Queensland Labourers Branch	174,993	264,915
South Australia Branch	204,833	149,992
CFMEU National Office	(2,165,140)	(1,043,898)
CFMEU Mining and Energy Division	14,999	(104,286)
CFMEU Forestry and Furnishing Products	1,812	-
Total	<u>4,006,012</u>	<u>3,881,482</u>

Please refer to note 2(m) for further commentary in relation to the consistency of transactions and balances between reporting units.

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Notes to the Financial Statements

For the Year Ended 31 December 2014

15. Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of the Union during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	464,585	452,323
Long-term benefits	12,382	11,052
Post-employment benefits	42,800	47,930
Termination benefits	11,700	15,315
	<u>531,467</u>	<u>526,620</u>

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 17: Related Party Transactions.

16. Remuneration of Auditors

Remuneration of the auditor of the Union, Daley & Co, for:

- auditing the financial report	<u>37,404</u>	<u>33,475</u>
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17. Related Party information

The Union's main related parties are as follows:

(a) Key management personnel

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

For details of remuneration disclosures relating to key management personnel, refer to Note 15.: Interests of Key Management Personnel (KMP).

(b) Other related parties

All Reporting Units of the Construction Forestry Mining and Energy Union (CFMEU) are considered to be related parties. Reporting Units are defined in Section 242 of the Fair Work (Registered Organisations) Act 2009 ("the RO Act").

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

17. Related Party Information (Continued)

(c) Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

From time to time the Union makes expenditures which relate to itself as well as other Reporting Units of the CFMEU. These expenditures are then reimbursed to the Union at cost hence they are not considered to be related party transactions.

Please refer to note 2(m) for further commentary in relation to the consistency of transactions and balances between reporting units.

Transaction with related parties:

(i) Capitation fees charged (excluding GST)

Refer to Note 4.

(ii) Campaign levies (incl GST)

	2014	2013
	\$	\$
Received by reporting units:		
New South Wales	157,326	-
Victoria and Tasmania	341,900	-
Australian Capital Territory	19,747	-
South Australia	28,284	-
Western Australia	124,800	-
	672,057	-
Payment made to CFMEU National Office	(550,000)	-
Balance payable	122,057	-

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Notes to the Financial Statements

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17. Related Party Information (Continued)

(c) Related Party Transactions (Continued)

(ii) Campaign levies (incl GST) (Continued)

This is represented by net amounts owing/(receivable) as follows:

	2014	2013
Note	\$	\$
New South Wales	(22,746)	-
Victoria and Tasmania	370,144	-
Queensland	(71,145)	-
Australian Capital Territory	16,806	-
South Australia	21,488	-
Western Australia	67,948	-
CFMEU National Office	(307,485)	-
Related GST	47,047	-
Balance payable	122,057	-
<i>(iii) Rental income</i>		
New South Wales Branch	69,955	68,182
<i>(iv) Donation income</i>		
Australian Capital Territory Branch	-	25,000
Victoria and Tasmania Branch	60,000	100,000
Queensland Branch	5,000	-
CFMEU Mining and Energy Division	5,000	-
	70,000	125,000
<i>(v) Amounts received for the reimbursement of employees wages</i>		
Victoria and Tasmania Branch	75,183	51,011
<i>(vi) Capitation fees paid</i>		
CFMEU National Office	5 928,036	704,854

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Notes to the Financial Statements

For the Year Ended 31 December 2014

17. Related Party Information (Continued)

(c) Related Party Transactions (Continued)

(vii) Rent expense and outgoings

	2014	2013
	\$	\$
	Note	
CFMEU Mining and Energy Division	<u>115,594</u>	<u>112,254</u>
<i>(viii) Campaign expense</i>		
CFMEU National Office	2(a) -	<u>150,000</u>
<i>(ix) Impairment expense</i>		
South Australia Branch loan	-	<u>44,750</u>
<i>(x) Donations expense</i>		
South Australia Branch	<u>5,000</u>	<u>-</u>

(d) Related Party Balances

(i) Trade and other receivables

Refer to Note 7(b).

(ii) Trade and other payables

Refer to Note 11(a).

18. Financial Risk Management

The main risks Construction Forestry Mining and Energy Union, Construction and General Division – National Office is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

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

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Notes to the Financial Statements

For the Year Ended 31 December 2014

18. Financial Risk Management (Continued)

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

	Note	2014 \$	2013 \$
Financial Assets			
Cash and cash equivalents	6	1,233,893	773,039
Held-to-maturity investments	8	3,071,599	2,961,105
Trade and other receivables	7	632,354	304,539
Total financial assets		4,937,846	4,038,683
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	11	990,999	342,742
Total financial liabilities		990,999	342,742

(a) Credit risk

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

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

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

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

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

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

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Notes to the Financial Statements

For the Year Ended 31 December 2014

18. Financial Risk Management (Continued)

(b) Credit risk - Trade and Other Receivables

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

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

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
2014							
Other receivables	632,354	-	7,259	-	3,582	-	621,513
Total	632,354	-	7,259	-	3,582	-	621,513
2013							
Trade and term receivables	77,435	-	-	-	-	-	77,435
Other receivables	227,104	-	10,360	495	-	-	216,249
Loans receivable	44,750	44,750	-	-	-	-	-
Total	349,289	44,750	10,360	495	-	-	293,684

The Union does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

(c) Liquidity Risk - Financial Liability

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

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Notes to the Financial Statements

For the Year Ended 31 December 2014

18. Financial Risk Management (Continued)

(c) Liquidity Risk - Financial Liability (Continued)

Financial liability maturity analysis - Non-derivative

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	990,999	342,742	-	-	-	-	990,999	342,742

The timing of expected outflows is not expected to be materially different from contracted cashflows.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period. Whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Union is also exposed to earnings volatility on floating rate instruments.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

A 1% increase or decrease in interest rates would impact equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	Profit		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2014	36,634	(36,634)	36,634	(36,634)
2013	26,758	(26,758)	26,758	(26,758)

The sensitivity analysis is performed on the same basis as in 2013.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Notes to the Financial Statements

For the Year Ended 31 December 2014

19. Fair Value Measurement

Net Fair Values

Fair value estimation

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

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

20. Capital Management

Management controls the capital of the Union in order to safeguard their ability to continue as a going concern, so that they can fund its operations.

There are no externally imposed capital requirements.

21. Capital and leasing commitments

Operating leases

	2014	2013
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	128,621	125,853
- between one year and five years	246,671	367,214
	<u>375,292</u>	<u>493,067</u>

The Union has a lease for the premises it occupies at Level 9, 215-217 Clarence Street Sydney. The term of the lease is 5 years and expires on 30 November 2017.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Notes to the Financial Statements

For the Year Ended 31 December 2014

22. Lessor Commitments

Operating lease commitments receivable - Union as lessor

Construction Forestry Mining and Energy Union, Construction and General Division – National Office leases out its investment property under commercial leases. These non-cancellable leases have terms between 3 and 10 years. All leases include an option for Construction Forestry Mining and Energy Union, Construction and General Division – National Office to increase rent to current market rental on an annual basis.

The future minimum lease payments under non-cancellable leases are:

	2014	2013
	\$	\$
- no later than 1 year	246,515	187,500
- between 1 year and 5 years	487,171	669,760
Total minimum lease payments	<u>733,686</u>	<u>857,260</u>

23. Contingent Liabilities and Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable:

The Union has provided a guarantee to its bankers in relation to a banking facility

<u>51,000</u>	<u>51,000</u>
---------------	---------------

In addition, as an organisation, the Construction Forestry Mining and Energy Union, Construction and General Division – National Office may be liable to contribute funds to the settlement of legal costs on behalf of branches.

24. Events after the end of the Reporting Period

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

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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Notes to the Financial Statements

For the Year Ended 31 December 2014

25. Additional disclosures required under the Fair Work (Registered Organisations) Act 2009

As required under the reporting guidelines provided for under section 255 of the Fair Work (Registered Organisations) Act 2009, it is confirmed that:

1. The Union's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit; and
2. The Union has not agreed or does not have an agreement to provide financial support to another reporting unit to ensure its ability as a going concern; and
3. The Union has not acquired an asset or liability as a result of amalgamation, restructure or alternative reporting unit determination or revocation.

26. Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or the General Manager of the Fair Work Commission:

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

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Recovery of Wages Activity

For the Year Ended 31 December 2014

No recovery of wages activity was carried out by the Union for the years ended 31 December 2014 (2013: nil).

The accompanying notes form part of these financial statements.

**Independent Audit Report to the members of
Construction Forestry Mining and Energy Union, Construction and General Division – National Office**

Report on the Financial Report

We have audited the accompanying financial report of Construction Forestry Mining and Energy Union, Construction and General Division – National Office, which comprises the balance sheet as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the divisional executive statement.

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 (the 'RO Act') and for such internal control as the Divisional Executive determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Union's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Divisional Executive, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Independent Audit Report to the members of

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union"), as at 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with:

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

The scope of our audit did extend to recovery of wages activity, however as noted in the Divisional Executive Statement, no such activity was undertaken during the reporting period.

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.

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

Daley & Co.

Daley & Co
Chartered Accountants

Michael Mondt

Michael Mondt
Partner

20 May 2015
Wollongong

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COMPILATION REPORT TO CONSTRUCTION FORESTRY MINING AND ENERGY UNION, CONSTRUCTION AND GENERAL DIVISION – NATIONAL OFFICE

We have compiled the accompanying special purpose financial statements of Construction Forestry Mining and Energy Union, Construction and General Division – National Office, which comprise additional disclosures under the Rules of the Union for the year ended 31 December 2014. The specific purpose for which the special purpose financial statements have been prepared is to provide additional financial information to members.

The Responsibility of the Divisional Executive

The Divisional Executive are solely responsible for the information contained in the special purpose financial statements and have determined that the financial reporting framework used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of the information provided by the Divisional Executive we have compiled the accompanying special purpose financial statements in accordance with the financial reporting framework and APES 315: *Compilation of Financial Information*.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Divisional Executive provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the Divisional Executive. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

Daley & Co.
Daley & Co
Chartered Accountants

20 May 2015

Wollangong

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The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

Additional Disclosures Under the Rules of the Union

For the Year Ended 31 December 2014

DISCLOSURES OF OFFICERS' REMUNERATION AND NON-CASH BENEFITS

Pursuant to Rule 24B of the Union's Rules, the Divisional Executive make the following disclosures of Officer remuneration and non-cash benefits received for the 2014 calendar year ("the disclosure period"):

(a) The two highest paid officers of the Association for the financial year, and their remuneration, were as follows:

	Dave Noonan (Divisional Secretary)	Brad Parker (Divisional Assistant Secretary)	Total
Salary and allowances	150,837	132,628	283,465
Movement in annual and long service leave provisions	14,023	20,664	34,687
Superannuation	15,292	13,754	29,046
Redundancy	3,900	3,900	7,800
	<u>184,052</u>	<u>170,946</u>	<u>354,998</u>

In addition, these officers are each provided with a fully maintained motor vehicle (non-cash benefit).

(b) No remuneration or non-cash benefits had been received by Officers of the Association from a Board position attained because of their position with the Union.

In accordance with Rule 24C, no Officers have any material personal interest in a matter acquired by the Officer, their relative or their business associates, which relate to the affairs of the Union.

In accordance with Rule 24D, refer to Note 17 for payments made by the Union to related parties. There were no payments made to a declared person or body of the Union during the disclosure period.

The accompanying notes form part of these financial statements.



12 June 2015

Mr David Noonan
C&G Divisional Secretary
Construction, Forestry, Mining and Energy Union-Construction and General Division
Sent via email: queries@fed.cfmeu.asn.au

Dear Mr Noonan,

Lodgement of Financial Report - Reminder to lodge on or before 15 July 2015

The Fair Work Commission's (the FWC) records disclose that the financial year of the Construction and General Division of the Construction, Forestry, Mining and Energy Union (the reporting unit) ended on the 31 December 2014.

As you would be aware, the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that a reporting unit prepare a financial report in accordance with the RO Act, make it available to the members and then must lodge the financial report within 14 days after the general meeting of members, or if the rules of the reporting unit allow, the Committee of Management meeting (s.268).

The maximum period of time allowed under the RO Act for the completion of the financial reporting process is six months and 14 days after the expiry date of its financial year (s.253, s254, s265, s.266, s.268). For your reporting unit that requires lodgement of its financial report on or before **15 July 2015, and in any event no later than 14 days after the relevant meeting.**

The FWC encourages your reporting unit to lodge its financial report at the earliest opportunity in order to ensure compliance with its obligations. Failure of a reporting unit to lodge its financial report is a breach of a civil penalty provision of the RO Act. This can result in the General Manager instituting an inquiry or investigation into a reporting unit's non-compliance under Chapter 11, Part 4 of the RO Act. The actions available to the General Manager following an investigation include issuing Federal Court legal proceedings for breach of a civil penalty provision. The orders available to the Federal Court include imposition of a pecuniary penalty on the organisation or individual officer, whose conduct led to the contravention, of up to \$51,000 per contravention on the organisation and up to \$10,200 per contravention on the individual officer.

We encourage you to lodge the full financial report directly to orgs@fwc.gov.au. That is the official email address for electronic lodgements of material related to registered organisations matters.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au.

Yours sincerely,

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch



12 January 2015

Mr David Noonan
Divisional Secretary - C&G Division
Construction, Forestry, Mining and Energy Union-Construction and General Division
Sent via email: queries@fed.cfmeu.asn.au

Dear Mr Noonan,

**Re: Lodgement of Financial Report - [FR2014/398]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Construction and General Division of the Construction, Forestry, Mining and Energy Union (the reporting unit) ended on 31 December 2014.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date, namely 15 July 2015 (being the expiry date of 6 months and 14 days from the end of the financial year), under s.268 of the RO Act.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. Further, the General Manager's updated Reporting Guidelines that apply to all financial reports prepared on or after 30 June 2014 are also available on the website which includes a webinar presentation on the Reporting Guidelines.

The Fair Work Commission has also developed a model set of financial statements. There is no requirement to use this model but it may be a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. All of the above information can be accessed through our website under [Financial Reporting](#).

I request that the financial report and any statement of loans, grants or donations made during the financial year (statement must be lodged within 90 days of end of financial year) be emailed, rather than posted, to orgs@fwc.gov.au. A sample statement of loans, grants or donations is available at [sample documents](#).

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$51,000 for a body corporate and \$10,200 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au.

Yours sincerely,

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
<p>(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.</p> <p>(b) A # designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).</p>	/ /	As soon as practicable after end of financial year
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	<p>Within a reasonable time of having received the GPFR</p> <p>(NB: Auditor's report must be dated on or after date of Committee of Management Statement</p>
<p>Provide full report free of charge to members – s265</p> <p>The full report includes:</p> <ul style="list-style-type: none"> the General Purpose Financial Report (which includes the Committee of Management Statement); the Auditor's Report; and the Operating Report. 	/ /	<p>(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,</p> <p>or</p> <p>(b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.</p>
Present full report to:		
(a) General Meeting of Members - s266 (1),(2); OR	/ /	Within 6 months of end of financial year
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	Within 6 months of end of financial year
Lodge full report with the Fair Work Commission, together with the #Designated Officer's certificate++ – s268	/ /	Within 14 days of meeting

* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.