



6 November 2017

Mr David Noonan
Divisional Secretary
Construction, Forestry, Mining and Energy Union-Construction and General Division
PO Box Q235
Queen Victoria Building NSW 1230
By email: queries@fed.cfmeu.asn.au
CC: mm@daley.com.au

Dear Mr Noonan,

**Construction, Forestry, Mining and Energy Union-Construction and General Division
Financial Report for the period ending 31 March 2017 - [FR2017/19]**

I acknowledge receipt of the financial report for the three months ended 31 March 2017 for the Construction and General Division of the Construction, Forestry, Mining and Energy Union. The documents were lodged with the Registered Organisations Commission (the ROC) on 28 September 2017. I also acknowledge an amended designated officer's certificate which was lodged with the ROC on 2 November 2017.

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 have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 31 March 2018 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged, however 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.

Disclosure of payables in respect of legal costs

Reporting Guideline 20(b) requires a payable in relation to legal costs to be disclosed by litigation and by other legal matters. Note 11(b) discloses this liability but does not distinguish based on the categories indicated above.

Content of Designated Officer's Certificate

Section 268 of the RO Act requires the certificate by the designated officer to certify that the documents lodged are copies of the documents provided to members, and then presented to a meeting, in accordance with section 266.

I note that in the initial Designated Officer's Certificate, the date that the full report was presented to a meeting of the Divisional Executive, in accordance with section 266 of the RO Act, was incorrect. I acknowledge an amended designated officer's certificate lodged on 2 November 2017 included the correct dates.

Reporting Requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

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

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at david.vale@roc.gov.au.

Yours faithfully

A handwritten signature in blue ink, appearing to read "David Vale", is enclosed in a thin blue rectangular border.

David Vale
Principal Adviser, Financial Reporting
Registered Organisations Commission

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

ABN 46 243 168 565

Designated Officer's Certificate

31 March 2017

I, Dave Noonan, being the Divisional Secretary of the Construction Forestry Mining and Energy Union, Construction and General Division - National Office, certify:

- that the documents lodged herewith are copies of the full report for the Construction Forestry Mining and Energy Union, Construction and General Division - National Office for the period ended 31 March 2017 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 30 August 2017; and
- that the full report was presented to a meeting of the Divisional Executive of the reporting unit on 28 September 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Dave Noonan
Divisional Secretary

1 November 2017

Construction Forestry Mining and Energy Union,

Construction and General Division – National Office

ABN 46 243 168 565

Financial Statements

For the three month financial period ended 31 March 2017

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

ABN 46 243 168 565

Operating Report

31 March 2017

The Divisional Executive present their report on the Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union") for the 3 month financial period ended 31 March 2017.

Divisional Executive

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

Names	Position	Dates
Dave Noonan	National Secretary	1/1/17 - 31/3/17
Frank O'Grady	Assistant National Secretary	1/1/17 - 31/3/17
Brad Parker	Assistant National Secretary	1/1/17 - 31/3/17
Joe McDonald	President	1/1/17 - 31/3/17
John Setka	Senior Vice-President	1/1/17 - 31/3/17
Shaun Reardon	Vice President	1/1/17 - 31/3/17
Elias Spornovasilis	VIC-TAS Divisional Executive Member	1/1/17 - 31/3/17
Rita Mallia	NSW Divisional Executive Member	1/1/17 - 31/3/17
Brian Parker	NSW Divisional Executive Member	1/1/17 - 31/3/17
Aaron Cartledge	SA Divisional Executive Member	1/1/17 - 31/3/17
Dean Hall	ACT Divisional Executive Member	1/1/17 - 31/3/17
Jade Ingham	QLD Divisional Executive Member	1/1/17 - 31/3/17
Michael Ravbar	QLD Divisional Executive Member	1/1/17 - 31/3/17
Mick Buchan	WA Divisional Executive Member	1/1/17 - 31/3/17

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

ABN 46 243 168 565

Operating Report

31 March 2017

Principal activities and significant changes in nature of activities

The principal activities of the Union during the financial period 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 of industrial issues, media issues etc.
- Provision of National Training Agenda by representing the Union on various Boards and Committees.

There were no significant changes in the nature of the Union's principal activities during the financial period.

Operating results

The loss of the Union for the three month financial period ended 31 March 2017 amounted to \$ 173,908.

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

Change of year end

A resolution was passed by the Divisional Executive to vary the financial reporting period-end of the Union from 31 December, to become 31 March. This was approved by the Fair Work Commission and has been resolved to be put in place from the 3 month period ending 31 March 2017, with the first full year-end to be the 12 months to 31 March 2018.

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

ABN 46 243 168 565

Operating Report

31 March 2017

Events after the reporting date

No matters or circumstances have arisen since the end of the financial period 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.

Membership of the Union

There were 69,823 financial members of the Union as at 31 March 2017.

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 March 2017 the Union employed 14 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 and is a director of United Super Pty Ltd which acts as Trustee of C Bus.

No other officer or member of the Union acts:

- i) as a trustee of a superannuation entity of 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 24 August 2017

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

ABN 46 243 168 565

Divisional Executive Statement

On 24 August 2017, 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 period ended 31 March 2017:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the 3 month financial period 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 3 month financial period to which the GPFR relates and since the end of that period:-
 - i) Meetings of the Divisional Executive were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii) The financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii) The financial records of the reporting unit have been kept and maintained in accordance with the The RO Act; and
 - iv) Where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a 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 Commissioner duly made under section 272 of the RO Act it has been provided to the member or Commissioner; and
 - vi) Where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.
- (f) During the financial period ended 31 March 2017 no revenue has been derived by the reporting unit from undertaking recovery of wages activity.

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



DAVE NOONAN
Divisional Secretary



FRANK O'GRADY
Divisional Assistant Secretary

Dated 24 August 2017

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 three month financial period 31 March 2017

		3 months to 31 March 2017	12 months to 31 December 2016
	Note	\$	\$
Revenue	4	1,071,551	4,667,747
Other income	4	74,492	324,183
Administration expenses		(117,765)	(428,036)
Affiliation fees		(1,294)	(1,684)
Capitation fees		(278,933)	(1,063,502)
Conference and meeting expenses		(13,108)	(65,727)
Depreciation and amortisation		(39,902)	(154,077)
Donation expense		(41)	(21,908)
Employee benefits expense	5	(597,295)	(2,459,207)
Legal fees		(62,995)	(163,854)
Travel expenses		(83,087)	(447,923)
Other expenses		(125,531)	(289,751)
Result for the year		(173,908)	(103,739)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(173,908)	(103,739)

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

As at 31 March 2017

	Note	31 March 2017 \$	31 December 2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	952,026	883,693
Trade and other receivables	7	1,857,933	1,663,615
Other financial assets	8	2,083,580	2,079,775
Other assets	9	129,876	170,620
TOTAL CURRENT ASSETS		5,023,415	4,797,703
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,936,059	3,921,342
TOTAL NON-CURRENT ASSETS		3,936,059	3,921,342
TOTAL ASSETS		8,959,474	8,719,045
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,742,420	1,492,216
Employee benefits	13	917,167	953,146
Other liabilities	12	330,210	138,748
TOTAL CURRENT LIABILITIES		2,989,797	2,584,110
NON-CURRENT LIABILITIES			
Employee benefits	13	188,908	180,258
TOTAL NON-CURRENT LIABILITIES		188,908	180,258
TOTAL LIABILITIES		3,178,705	2,764,368
NET ASSETS		5,780,769	5,954,677
EQUITY			
Retained earnings		5,780,769	5,954,677
TOTAL EQUITY		5,780,769	5,954,677

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 three month financial period ended 31 March 2017

	Retained Earnings	
	31 March 2017	31 December 2016
	\$	\$
Opening balance	5,954,677	6,058,416
Result for the period	<u>(173,908)</u>	<u>(103,739)</u>
Closing balance	<u>5,780,769</u>	<u>5,954,677</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 three month financial period ended 31 March 2017

	31 March 2017	31 December 2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Membership levies	1,313,676	4,548,308
Payments to suppliers and employees	(1,119,227)	(5,546,714)
Interest received	6,021	87,913
Other levies	(73,713)	577,662
Net cash provided by/(used by) operating activities	14 <u>126,757</u>	<u>(332,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	7,273
Purchase of property, plant and equipment	(54,619)	(202,508)
Proceeds from investments	(3,805)	524,479
Net cash provided by/(used in) investing activities	<u>(58,424)</u>	<u>329,244</u>
Net increase/(decrease) in cash and cash equivalents held	68,333	(3,587)
Cash and cash equivalents at beginning of period	883,693	887,280
Cash and cash equivalents at end of the period	6 <u>952,026</u>	<u>883,693</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 three month financial period ended 31 March 2017

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.

A resolution was passed by the Divisional Executive to vary the financial reporting period-end of the Union from 31 December, to become 31 March. This was approved by the Fair Work Commission and has been resolved to be put in place from the 3 month period ending 31 March 2017, with the first full year-end to be the 12 months to 31 March 2018.

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.

Membership subscriptions

All membership dues received from financial members are retained by the respective State Divisional Branches making up the Union

Capitation fees

Capitation fees revenue earned from the provision of services to the State Divisional Branches of the Union, are recognised on an accruals basis.

Other income

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

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

ABN 46 243 168 565

Notes to the Financial Statements

For the three month financial period ended 31 March 2017

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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.

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 three month financial period ended 31 March 2017

2 Summary of Significant Accounting Policies

(b) Property, plant and equipment

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

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

2 Summary of Significant Accounting Policies

(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; 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

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

2 Summary of Significant Accounting Policies

(d) Financial instruments

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

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

Held-to-maturity investments

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

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

Impairment of financial assets

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

Financial assets at amortised cost

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

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

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

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

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

2 Summary of Significant Accounting Policies

(d) Financial instruments

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 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.

(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

ABN 46 243 168 565

Notes to the Financial Statements

For the three month financial period ended 31 March 2017

2 Summary of Significant Accounting Policies

(f) Employee benefits

Employee benefits expected to be settled more than one year 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 high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(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.

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

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

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

2 Summary of Significant Accounting Policies

(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) 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.

(m) Adoption of new and revised accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2017 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.

(n) New Accounting Standards and Interpretations

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

AASB 9 Financial Instruments

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model. The standard is not applicable until 1 January 2018 but is available for early adoption.

Following the changes approved by the AASB in December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.

While the Union has yet to undertake a detailed assessment, it is expected that there will be no impact on the Union's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Union does not have any such liabilities.

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

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

2 Summary of Significant Accounting Policies

(n) New Accounting Standards and Interpretations

AASB 9 Financial Instruments

The Union has not yet decided whether it should adopt AASB 9 before its mandatory date. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

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

AASB 16 Leases

The standard will affect primarily the accounting for the Union's operating leases. However, the Union 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 Union'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.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. At this stage, the Union does not intend to adopt the standard before its effective date.

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

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 three month financial period ended 31 March 2017

4 Revenue and Other Income

	Note	3 months to 31 March 2017 \$	12 months to 31 December 2016 \$
Membership subscriptions	2(a)	-	-
Capitation fees by branch [as per note 2(a)]			
- Victoria and Tasmania		380,195	1,700,100
- New South Wales		196,941	837,156
- Queensland		233,065	1,002,752
- South Australia		25,079	110,855
- Western Australia		81,347	395,568
- Australian Capital Territory		23,507	88,394
		940,134	4,134,825
Attendance Fees		82,032	327,729
Computer costs reimbursed		3,468	3,748
Wage reimbursements		23,415	50,270
Advertising revenue		22,642	94,079
Legal fee recoveries		(140)	57,096
Other revenue		-	-
Financial support from another reporting unit		-	-
		1,071,551	4,667,747
Other revenue			
Interest - investment		16,208	87,875
Rental income		58,284	231,302
Gain on disposal of assets		-	5,006
		74,492	324,183
Total Revenue		1,146,044	4,991,930

Please refer to note 2(l) 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 three month financial period ended 31 March 2017

5 Result for the Year

The result for the year includes the following specific expenses:

	3 months to 31 March 2017 \$	12 months to 31 December 2016 \$
Employee expenses comprises:		
Holders of office:		
- Wages and salaries	94,396	451,846
- Superannuation	12,579	48,536
- Leave and other entitlements	11,193	33,230
- Separation and redundancies	2,925	11,700
- Other employee expenses	7,536	50,667
	128,629	595,979
Employees other than office holders:		
- Wages and salaries	421,289	1,535,107
- Superannuation	46,071	170,286
- Leave and other entitlements	(38,521)	16,307
- Separation and redundancies	8,265	32,955
- Other employee expenses	31,562	108,573
	468,666	1,863,228
Total employee expense	597,295	2,459,207
Capitation fees: CFMEU National	278,933	1,063,502
Affiliation fees		
- ICTUR affiliation	1,294	1,624
- Asbestos disease foundation	-	60
	1,294	1,684
Administration expenses		
- Consideration to employers for payroll deductions	-	-
- Compulsory Levies - ACTU IR Levy	-	-
- Conference and meeting expenses	13,108	65,727
- Fees/ allowances - meeting and conferences	-	-

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

5 Result for the Year

The result for the year includes the following specific expenses:

	31 March 2017	31 December 2016
Note	\$	\$
Grants or donations:		
- Donations - total paid that were \$1,000 or less	-	1,908
- Donations - total paid that were more than \$1,000	41	20,000
- Grants - total paid that were \$1,000 or less	-	-
- Grants - total paid that were more than \$1,000	-	-
	<u>41</u>	<u>21,908</u>
Depreciation and amortisation		
- Land and buildings	24,985	100,031
- Property plant and equipment	14,917	54,046
	<u>39,902</u>	<u>154,077</u>
Legal costs		
- Litigation	54,951	117,986
- Other legal matters	7,922	45,868
- Royal Commission costs	19,622	552,747
- Costs reimbursed by CFMEU Branches	2(a) (19,500)	(552,747)
	<u>62,995</u>	<u>163,854</u>
Penalties - via RO act or RO regulations	-	-

6 Cash and Cash Equivalents

	31 March 2017	31 December 2016
	\$	\$
Cash on hand	1,554	1,554
Cash at bank	100,213	99,344
Other cash and cash equivalents	850,259	782,795
	<u>952,026</u>	<u>883,693</u>

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

7 Trade and Other Receivables

	31 March 2017	31 December 2016
	\$	\$
CURRENT		
Capitation fees receivable	26,767	114,834
Other receivables	1,831,166	1,548,781
	<u>1,857,933</u>	<u>1,663,615</u>

(a) Receivables from other Reporting Units:

New South Wales Branch	185,239	59,625
Victoria and Tasmania Branch	787,820	681,288
Queensland Branch	220,199	43,314
South Australia Branch	42,836	17,832
Western Australia Branch	59,933	7,793
Australian Capital Territory Branch	8,345	3,158
CFMEU National	43,436	94,717
CFMEU Mining and Energy Division - Victoria	-	252
CFMEU Mining and Energy Division - National	-	150
CFMEU Forestry and Furnishing Products	2,054	376
Provision for doubtful debts	<u>-</u>	<u>-</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(l) 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>2,083,580</u>	<u>2,079,775</u>

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

9 Other Assets

	31 March 2017	31 December 2016
	\$	\$
CURRENT		
Prepayments	115,963	166,894
Accrued income	13,913	3,726
	<u>129,876</u>	<u>170,620</u>

10 Property, Plant and Equipment

Freehold land - at cost	<u>250,000</u>	250,000
Buildings		
At cost	5,023,885	5,023,885
Accumulated depreciation	<u>(1,602,152)</u>	<u>(1,577,167)</u>
	<u>3,421,733</u>	3,446,718
Furniture, fixtures and fittings		
At cost	91,013	89,089
Accumulated depreciation	<u>(74,066)</u>	<u>(70,962)</u>
	<u>16,947</u>	18,127
Motor vehicles		
At cost	118,344	118,344
Accumulated depreciation	<u>(41,457)</u>	<u>(35,621)</u>
	<u>76,887</u>	82,723
Computer equipment		
At cost	359,131	306,436
Accumulated depreciation	<u>(188,639)</u>	<u>(182,662)</u>
	<u>170,492</u>	123,774
Total plant and equipment	<u>264,326</u>	224,624
Total property, plant and equipment	<u><u>3,936,059</u></u>	<u><u>3,921,342</u></u>

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

10 Property, Plant and Equipment

(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 period:

	Land and buildings \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Computer Equipment \$	Total \$
Three month period ended 31 March 2017					
Balance at 1 January 2017	3,696,718	18,127	82,723	123,774	3,921,342
Additions	-	1,924	-	52,695	54,619
Depreciation expense	(24,985)	(3,104)	(5,836)	(5,977)	(39,902)
Balance at 31 March 2017	3,671,733	16,947	76,887	170,492	3,936,059
Year ended 31 December 2016					
Balance at 1 January 2016	3,274,119	30,224	54,744	39,968	3,399,055
Additions	46,507	2,455	46,442	107,104	202,508
Disposals	-	-	-	(2,267)	(2,267)
Depreciation expense	(100,031)	(14,552)	(18,463)	(21,031)	(154,077)
Impairment reversal in equity	476,123	-	-	-	476,123
Balance at 31 December 2016	3,696,718	18,127	82,723	123,774	3,921,342

(b) Provision for Impairment

An independent valuation of the property 276 Pitt Street Sydney was sought in respect of the 31 December 2016 financial year-end. The valuation, effective 15 February 2017, indicated that the market value of the property at that date for financial reporting purposes was \$6,450,000. This was \$3,319,127 more than the carrying value as at 31 March 2017. Given the short duration since the date of the last valuation, no material change in this valuation surplus is expected.

As at 31 March 2017 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.

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

11 Trade and Other Payables

	31 March 2017	31 December 2016
	\$	\$
CURRENT		
Trade payables	177,002	282,302
Sundry payables and accrued expenses	1,565,418	1,209,914
	<u>1,742,420</u>	<u>1,492,216</u>

(a) Payables to other reporting units:

Queensland Branch	8,328	8,764
Australian Capital Territory Branch	4,136	15,084
New South Wales Branch	7,118	18,522
CFMEU Mining and Energy Division	-	23,400
Victoria and Tasmania Branch	1,481	58
Western Australia Branch	13,824	17,339
South Australia Branch	-	6,504
CFMEU National Office	978,398	447,393

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(l) for further commentary in relation to the consistency of transactions and balances between reporting units.

(b) Amounts included in trade payables:

Legal costs	254,900	-
Consideration to employers for payroll deductions	-	-

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

12 Other liabilities

	31 March 2017	31 December 2016
	\$	\$
CURRENT		
Amounts received in advance	<u>330,210</u>	<u>138,748</u>
(a) Received in advance from other Reporting Units		
South Australian Branch	32,119	24,462
Western Australian Branch	135,440	99,972
Australian Capital Territory Branch	15,687	6,089
New South Wales Branch	34,793	8,225
Victoria and Tasmania Branch	70,497	-
Queensland Branch	41,674	-
	<u>330,210</u>	<u>138,748</u>

13 Employee Benefits

CURRENT		
Employee benefits	<u>917,167</u>	<u>953,146</u>
NON-CURRENT		
Employee benefits	<u>188,908</u>	<u>180,258</u>

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

13 Employee Benefits

(a) Employee benefits attributable to:

	31 March 2017	31 December 2016
	\$	\$
Office Holders:		
Annual leave	123,585	116,272
Long service leave	166,385	177,704
Separation and redundancies	-	-
Other	11,561	21,195
	<u>301,531</u>	<u>315,171</u>
Employees other than office holders:		
Annual leave	288,659	320,891
Long service leave	483,044	455,596
Separation and redundancies	-	-
Other	32,841	33,738
	<u>804,544</u>	<u>810,225</u>
	<u>1,106,075</u>	<u>1,125,396</u>

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

14 Cash Flow Information

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

	3 months to 31 March 2017 \$	12 months to 31 December 2016 \$
Result for the year	(173,908)	(103,739)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	39,902	154,077
- write-back of impairment provision	-	(476,123)
- net (profit) on disposal of property, plant and equipment	-	(5,006)
Changes in assets and liabilities:		
- increase in amounts due from Branches	88,067	(89,196)
- increase in trade and other receivables	(282,385)	(80,366)
- (increase)/decrease in other assets	(10,187)	(61,234)
- (increase)/decrease in prepayments	50,931	-
- increase in trade and other payables	250,204	134,242
- increase in provisions	(27,329)	42,871
- increase/(decrease) in levies in advance	191,462	151,643
Cashflow from operations	<u>126,757</u>	<u>(332,831)</u>

(b) Cash flow information

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

Victoria and Tasmania Branch	706,590	2,605,270
New South Wales Branch	258,063	1,618,790
Queensland Branch	302,850	1,796,540
Western Australia Branch	130,395	528,974
Australian Capital Territory Branch	30,485	164,923
Queensland Labourers Branch	-	(1,214)
South Australia Branch	11,391	208,660
CFMEU National Office	(538,967)	(1,747,712)
CFMEU Mining and Energy Division	(18,992)	(6,256)
CFMEU Forestry and Furnishing Products	376	1,820
Total	<u>882,191</u>	<u>5,169,795</u>

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

14 Cash Flow Information

(b) Cash flow information

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

15 Interests of Key Management Personnel

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

	3 months to 31 March 2017 \$	12 months to 31 December 2016 \$
Short-term employee benefits	113,517	495,081
Long-term benefits	12,423	12,477
Post-employment benefits	11,434	48,536
Termination benefits	2,925	11,700
	140,299	567,794

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:

- audit and other assurance services	19,425	30,500
- taxation services	2,973	-
- other accounting services	11,200	13,324
Total remuneration of Daley & Co	33,598	43,824

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Notes to the Financial Statements

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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").

(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(l) 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.

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

17 Related Party Information

(ii) Campaign levies (incl GST)

	3 months to 31 March 2017	12 months to 31 December 2016
Note	\$	\$
Opening balance	-	41,361
Received from reporting units:		
New South Wales	-	42,479
Victoria and Tasmania	-	86,789
	-	129,268
Payment made to CFMEU National Office	(92,940)	(170,629)
Balance (receivable)/payable	(92,940)	-

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

	31 March 2017	31 December 2016
	\$	\$
New South Wales	58,541	96,813
Victoria and Tasmania	14,000	91,548
Queensland	(56,393)	(10,550)
Australian Capital Territory	222,169	226,131
South Australia	(32,382)	(27,314)
Western Australia	189,589	207,673
CFMEU National Office	(302,584)	(584,301)
Balance receivable/(payable)	92,940	-

(iii) Rental income

	3 months to 31 March 2017	12 months to 31 December 2016
	\$	\$
New South Wales Branch	18,322	72,923

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Notes to the Financial Statements

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17 Related Party Information

(iv) Capitation fees expense

		3 months to 31 March 2017 \$	12 months to 31 December 2016 \$
CFMEU National Office	5	278,933	1,063,502

(v) Rent expense and outgoings

CFMEU Mining and Energy Division		33,578	124,894
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(vi) Transfer of leave accrual

New South Wales Branch		-	7,277
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(ix) Donations expense

Queensland Branch		-	1,000
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(vi) Air fares expenses

New South Wales Branch		-	15,253
Australian Capital Territory Branch		2,062	901
Western Australia Branch		12,567	77,552
Queensland Branch		620	7,403
South Australia Branch		591	-
		15,840	101,109

(vii) Legal fees

CFMEU National Office		46,522	17,253
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(xii) Purchase of computer equipment

CFMEU National Office		-	80,888
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(xiii) National conference expenses

CFMEU National Office		-	21,643
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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

17 Related Party Information

(xiv) Building - fit-out costs

	3 months to 31 March 2017	12 months to 31 December 2016
Note	\$	\$
Victoria and Tasmania Branch	-	46,506
<i>(viii) Other expenses</i>		
New South Wales Branch	-	3,902
Victoria and Tasmania Branch	1,644	6,495
Australian Capital Territory	-	2,104
Western Australia	-	1,858
	1,644	14,359

(d) Related Party Balances

(i) Trade and other receivables

Refer to Note 7(a).

(ii) Trade and other payables

Refer to Note 11(a).

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

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.

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:

		31 March 2017	31 December 2016
	Note	\$	\$
Financial Assets			
Cash and cash equivalents	6	952,026	883,693
Held-to-maturity investments	8	2,083,580	2,079,775
Trade and other receivables	7	1,857,933	1,663,615
Total financial assets		4,893,539	4,627,083
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	11	1,742,420	1,492,216
- Income in advance	12	330,210	138,748
Total financial liabilities		2,072,630	1,630,964

(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.

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Notes to the Financial Statements

For the three month financial period ended 31 March 2017

18 Financial Risk Management

(a) Credit risk

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.

(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	
			\$	\$	\$	\$	
31 March 2017							
Trade and term receivables	26,767	-	-	-	-	-	26,767
Other receivables	1,831,166	-	-	336,032	-	227,026	1,268,108
Total	1,857,933	-	-	336,032	-	227,026	1,294,875
31 December 2016							
Trade and term receivables	114,834	-	-	-	-	-	114,834
Other receivables	1,548,781	-	-	503	660	268,447	1,279,171
Total	1,663,615	-	-	503	660	268,447	1,394,005

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.

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18 Financial Risk Management

(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.

Financial liability maturity analysis - Non-derivative

	1 to 5 Years		Over 5 Years		Total	
	31		31		31	
	31 March	December	31 March	December	31 March	December
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	<u>1,655,224</u>	1,461,716	-	-	<u>1,655,224</u>	1,461,716

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.

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

ABN 46 243 168 565

Notes to the Financial Statements

For the three month financial period ended 31 March 2017

18 Financial Risk Management

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
31 March 2017	28,574	(28,574)	28,574	(28,574)
31 December 2016	24,708	(24,708)	24,708	(24,708)

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

19 Fair Value Measurement

Net Fair Values

Fair value estimation

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.

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

ABN 46 243 168 565

Notes to the Financial Statements

For the three month financial period ended 31 March 2017

21 Capital and leasing commitments

Operating leases

	31 March 2017	31 December 2016
	\$	\$
Minimum lease payments under non-cancellable operating leases: - not later than one year	<u>89,106</u>	<u>120,143</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.

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:

- no later than 1 year	<u>186,302</u>	<u>248,564</u>
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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>
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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. As at balance sheet date, there are no known legal matters where such a financial settlement is expected.

24 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial period 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

Notes to the Financial Statements

For the three month financial period ended 31 March 2017

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.
4. Other specific disclosures - funds: There are no funds operated, or required to be operated by the Union.

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 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 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).

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Construction Forestry Mining and Energy Union Construction and General Division – National Office (the Reporting Unit), which comprises the balance sheet as at 31 March 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three months ended 31 March 2017, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Construction Forestry Mining and Energy Union Construction and General Division – National Office as at 31 March 2017, and its financial performance and its cash flows for the three month period ended on that date in accordance with:

- a) the 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).

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

Basis for Opinion

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

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

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

The Committee of Management 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.

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Standards Legislation

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.

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

Report on the Recovery of Wages Activity financial report

Opinion on the recovery of wages activity financial report

The scope of our work extended to the recovery of wages activity, however as noted in the Committee of Management Statement, no such activity was undertaken during the reporting period.

Daley & Co.

Daley & Co
Chartered Accountants

Michael Mundt

Michael Mundt
Partner

Wollongong
24 August 2017

Registration number (as registered by the RO Commissioner under the RO Act): AA 2017/67.

Liability limited by a scheme approved under Professional Standards Legislation

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

ABN 46 243 168 565

Designated Officer's Certificate

31 March 2017

I, Dave Noonan, being the Divisional Secretary of the Construction Forestry Mining and Energy Union, Construction and General Division - National Office, certify:

- that the documents lodged herewith are copies of the full report for the Construction Forestry Mining and Energy Union, Construction and General Division - National Office for the period ended 31 March 2017 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 30 August 2017; and
- that the full report was presented to a meeting of the Divisional Executive of the reporting unit on 24 August 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Dave Noonan
Divisional Secretary

21 September 2017



18 September 2017

Mr David Noonan
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

The Registered Organisations Commission's (the ROC) records disclose that the financial year of the (the reporting unit) ended on the .

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 full financial report to be presented to a general meeting of members or a committee of management meeting is six months after the expiry date of its financial year (s.253, s.254, s.265, s.266, s.268). The full report must be lodged with the ROC within 14 days of that meeting.

The ROC 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 Commissioner 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 Commissioner 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 \$54,000 per contravention on the organisation and up to \$10,800 per contravention on an officer whose conduct led to the contravention.

Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

We encourage you to lodge the full financial report directly to regorgs@roc.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) 9954 2931 or via email at Sam.Gallichio@roc.gov.au.

Yours faithfully,

Sam Gallichio
Registered Organisations Commission