



21 June 2019

Lee Webb
District Secretary
Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division South
Western District Branch
Sent via email: leewebb@umw.com.au
mm@daley.com.au

Dear Lee Webb,

**Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division
South Western District Branch
Financial Report for the year ended 31 December 2018 – (FR2018/297)**

I acknowledge receipt of the financial report of the Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division South Western District Branch. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 14 June 2019.

The financial report has now been filed.

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

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

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

Inconsistency in disclosures

Note 4 *Revenue and other income* includes Grants received of \$65,000 for the 2018 financial year (2017: \$65,000). The officer's declaration statement, however discloses a nil disclosure in relation to receiving donations or grants.

In future years, please ensure that items within the financial report are disclosed consistently.

Reporting Requirements

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

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

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

Yours sincerely

A handwritten signature in black ink, appearing to be 'Kylie', written over a horizontal line.

Kylie Ngo
Registered Organisations Commission

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

ABN: 49 954 293 181

Financial Statements

For the Year Ended 31 December 2018

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

ABN: 49 954 293 181

Financial Statements

31 December 2018

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Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Operating Report

31 December 2018

The Committee of Management present their report on Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District (the "Union") for the financial year ended 31 December 2018.

Information on Committee of Management

The names of each person who has been on the Committee of Management from the commencement of the year and to the date of this report are:

Name	Position	Period of Appointment
Mr A Honeysett	District President	1/1/18 - 31/12/18
Mr L Webb	District Secretary	1/1/18 - 31/12/18
Mr G Braes	District Vice President - Metalliferous	1/1/18 - 31/12/18
Mr G Osborne	District Vice President - West	1/1/18 - 31/12/18
Mr R Timbs	District Vice President - South	1/1/18 - 31/12/18
Mr M Dakers	BOM Member	1/1/18 - 31/12/18
Mr M Jenkins	BOM Member	1/1/18 - 31/12/18
Mr C Carberry	BOM Member	1/1/18 - 31/12/18
Mr K Witherspoon	BOM Member	1/1/18 - 31/12/18
Mr A Davey	BOM Member	1/1/18 - 31/12/18
Mr J Sleiman	BOM Member	1/1/18 - 31/12/18
Mr D Hopkins	Central Councillor - South	1/1/18 - 31/12/18
Mr B Reeves	BOM Member	1/1/18 - 20/3/18

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Operating Report

31 December 2018

Principal activities

The principal activities of the Union during the financial 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 Lodge 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 Lodges on industrial matters.
- Provision to Lodges with economic and industrial research.
- Provision to Lodges of assistance with administration and financial management.
- Co-ordinating O H & S nationally and maintaining a national policy database and information service.
- Leading the conduct of legal action launched in defence of the Division's constitutional work.
- Provision of a National Training Agenda by representing the Union on various Boards and Committees

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

Operating results

The surplus of the Union amounted to \$ 334,859 (2017: \$150,866).

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 financial 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, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Operating Report

31 December 2018

Right of members to resign

All members of the Union have the right to resign in accordance with Rule 5(iv)(a) of the Union Rules [and section 174 of the *Fair Work (Registered Organisations) Act 2009*], namely, by providing written notice addressed and delivered to either the District Secretary, or a Lodge Secretary or authorised delegate.

Number of members

There were 3,378 members of the Union as at 31 December 2018 (2017: 3,309).

Number of employees

As at 31 December 2018 the Union had 12 full time equivalent employees (2017: 12).

Officers or members who are superannuation fund trustee(s) or directors of a company that is a superannuation fund trustee

Graeme Osborne is a director of Auscoal Superannuation Pty Ltd.

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 Committee of Management:



.....
Lee Webb
District Secretary

Dated 25 March 2019

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Committee of Management Statement

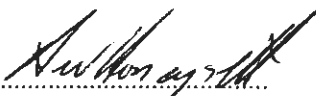
31 December 2018

On 25 March 2019 the Board of Management of the Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy Division, South Western District passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2018:

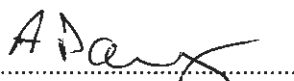
The Board of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* ("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 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;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - i) meetings of the Board of Management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii) the financial records of the reporting unit have been kept and maintained in accordance with the the RO Act; and
 - iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit, have been kept, as far as practicable, in a manner consistent with each of the 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 has been provided to the member or Commissioner; and
 - vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

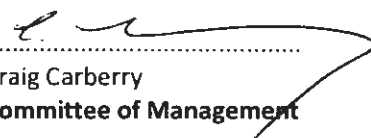
This declaration is made in accordance with a resolution by the Board of Management.



Andy Honeysett
District President



Andrew Davey
Committee of Management



Craig Carberry
Committee of Management

Dated 25 March 2019

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

ABN: 49 954 293 181

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
Revenue	4	4,748,345	4,547,637
Other income	4	201,880	215,342
Share of net (loss)/profit from associate	20	276,134	9,293
Administration expenses		(185,892)	(187,697)
Capitation fees	5	(1,458,870)	(1,291,453)
Depreciation and amortisation expense		(119,448)	(125,903)
Donations	5	(55,792)	(130,312)
Employee benefits expense	5	(2,088,105)	(2,020,071)
Lodge expenses		(399,093)	(279,814)
Other expenses		(306,245)	(306,447)
Professional fees		(130,199)	(124,806)
Rent and lease expenses		(147,856)	(154,903)
Result for the year		334,859	150,866
Other comprehensive income			
Net gains (loss) on available for sale financial assets		-	122
Total comprehensive income for the year		334,859	150,988

The accompanying notes form part of these financial statements.

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Balance Sheet

As at 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,723,563	1,613,948
Trade and other receivables	7	249,401	343,860
Financial assets	8	3,115,980	2,797,929
Other assets		51,699	40,396
TOTAL CURRENT ASSETS		5,140,643	4,796,133
NON-CURRENT ASSETS			
Trade and other receivables	7	300	300
Investments accounted for using the equity method	20	1,239,583	963,449
Financial assets	8	615	676
Property, plant and equipment	9	1,532,729	1,578,367
TOTAL NON-CURRENT ASSETS		2,773,227	2,542,792
TOTAL ASSETS		7,913,870	7,338,925
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	716,303	491,729
Employee benefits	12	1,073,519	1,076,526
Other liabilities	11	253,636	235,117
TOTAL CURRENT LIABILITIES		2,043,458	1,803,372
NON-CURRENT LIABILITIES			
		-	-
TOTAL LIABILITIES		2,043,458	1,803,372
NET ASSETS		5,870,412	5,535,553
EQUITY			
Retained earnings		5,870,412	5,535,522
Reserves	13	-	31
TOTAL EQUITY		5,870,412	5,535,553

The accompanying notes form part of these financial statements.

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Statement of Changes in Equity

For the Year Ended 31 December 2018

	Note	Retained Earnings \$	Financial Assets Reserve \$	Total \$
Balance at 31 December 2017		5,535,522	31	5,535,553
Adjustment on adoption of AASB9	23	31	(31)	-
Balance at 1 January 2018		5,535,553	-	5,535,553
Result for the year		334,859	-	334,859
Balance at 31 December 2018		5,870,412	-	5,870,412
Balance at 1 January 2017		5,384,656	(91)	5,384,565
Result for the year		150,866	-	150,866
Revaluation increment		-	122	122
Balance at 31 December 2017		5,535,522	31	5,535,553

The accompanying notes form part of these financial statements.

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Statement of Cash Flows

For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members	5,183,425	3,254,087
Interest received	73,277	107,268
Other receipts	219,632	1,755,909
Payments to suppliers and employees	(5,041,149)	(4,960,868)
Net cash provided by operating activities	22(a) <u>435,185</u>	<u>156,396</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for plant and equipment	(281,080)	(349,576)
Proceeds from sale of plant and equipment	273,500	233,744
Purchase of financial assets at amortised cost	(317,990)	-
Payment for held-to-maturity investments	-	(70,359)
Net cash used in investing activities	<u>(325,570)</u>	<u>(186,191)</u>
Net (decrease)/increase in cash and cash equivalents held	109,615	(29,795)
Cash and cash equivalents at beginning of year	<u>1,613,948</u>	<u>1,643,743</u>
Cash and cash equivalents at end of financial year	6 <u><u>1,723,563</u></u>	<u>1,613,948</u>

The accompanying notes form part of these financial statements.

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Notes to the Financial Statements

For the Year Ended 31 December 2018

The financial report covers Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District as an individual entity. Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District is a not-for-profit Union limited by guarantee, incorporated and domiciled in Australia.

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

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 Australian 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) 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.

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.

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.

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(a) Property, plant and equipment (continued)

Depreciation (continued)

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Leasehold Improvements	5%
Plant and Equipment	20-50%
Office Equipment	20-50%
Motor Vehicles	25%

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.

(b) 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.

(c) Change in accounting policy

During the current year, AASB 9 - *Financial Instruments* has become mandatory, which has not had a material impact (in the current year or retrospectively) upon the measurement of assets and upon the disclosures required in this financial report.

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 31 December 2018 is as per note 23.

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(d) Financial instruments

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

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

(i) Financial assets

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

Classification

The Union classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost; or

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

(i) Financial assets (continued)

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

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost are measured at fair value through profit or loss.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Union has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income.

Impairment of financial assets

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

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

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

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

- the other party is unlikely to pay its credit obligations to the Union in full, without recourse to the Union to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

(i) Financial assets (continued)

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

Trade receivables

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

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

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

Other financial assets measured at amortised cost

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

(ii) Financial liabilities

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

The financial liabilities of the Union comprises of trade and other payables.

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

(iii) Accounting policies prior to 1 January 2018

The Union has applied AASB 9 prospectively. As a result, the comparative information provided continues to be accounted for in accordance with the Union's previous accounting policy below.

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

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

Financial Assets

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

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

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

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.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

(iii) Accounting policies prior to 1 January 2018 (continued)

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

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

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

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

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

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

(iii) Accounting policies prior to 1 January 2018 (continued)

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

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

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

Losses recognised in the prior period statement of profit or loss and other comprehensive income 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.

Financial liabilities

Financial liabilities are classified other financial liabilities depending on the purpose for which the liability was acquired.

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

Impairment of financial assets

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

Financial assets at amortised cost

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

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

(iii) Accounting policies prior to 1 January 2018 (continued)

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.

(e) Impairment of non-financial assets

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

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.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(f) Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

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

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(g) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the balance sheet.

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.

The minimum rental revenue of operating leases with fixed rental increases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised on a straight line basis.

Revenue from other leases is recognised in accordance with the lease agreement, which is considered to best represent the pattern of service rendered through the provision of the leased asset.

(h) Income tax

The Union is exempt from income tax under section 50-15 of the *Income Tax Assessment Act 1997*.

(i) Revenue and other income

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

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

Membership subscriptions

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

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(i) Revenue and other income (continued)

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Lodge contributions

Lodge contributions are recognised when the Union's right to receive payment is established and the amount of the revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Union.

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.

(j) Grants

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

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

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

(k) 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.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(l) 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.

(m) Principles of Consolidation

Associates

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

(n) New Accounting Standards and Interpretations

The Union has adopted all standards which became effective for the first time at 31 December 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Union or refer to Note 23 for details of the changes due to standards adopted.

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:

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies (continued)

(n) New Accounting Standards and Interpretations (continued)

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 January 2018), 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.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

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.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

3. Critical Accounting Estimates and Judgments

The Board of Management 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 - useful lives of depreciable assets

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

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.

Key estimates - employee entitlements

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

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Notes to the Financial Statements

For the Year Ended 31 December 2018

4. Revenue and other income

	2018	2017
	\$	\$
Revenue		
District membership dues	3,015,292	3,026,408
Special administration fund contributions	259,168	317,909
Lodge membership dues	484,590	527,012
Board sitting fees	195,293	169,383
Site rental income	375,037	362,419
Interest received	79,559	79,506
Grants received	65,000	65,000
National Campaign Contributions	274,406	-
	<u>4,748,345</u>	<u>4,547,637</u>
Other revenue		
Social accounts funds	-	15,914
Rental income	129,396	129,557
Other income	60,428	55,140
Profit from sale of non-current assets	12,056	14,731
	<u>201,880</u>	<u>215,342</u>
Total revenue	<u>4,950,225</u>	<u>4,762,979</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2018

5. Result for the year

The result for the year includes the following specific expenses:

	2018	2017
	\$	\$
Employee benefits expense comprises:		
Holders of office:		
- Wages and salaries	729,237	776,974
- Superannuation	126,115	85,907
- Leave and other entitlements	217,164	253,592
- Separation and redundancies	-	-
- Other employee expenses	41,005	41,787
	<u>1,113,521</u>	<u>1,158,260</u>
Employees other than office holders		
- Wages and salaries	642,754	624,643
- Superannuation	83,197	63,714
- Leave and other entitlements	122,857	93,236
- Separation and redundancies	80,963	9,580
- Other employee expenses	44,813	70,638
	<u>974,584</u>	<u>861,811</u>
Total employee benefits expenses	<u>2,088,105</u>	<u>2,020,071</u>
Capitation fees		
CFMEU Mining & Energy National Office	<u>1,458,870</u>	<u>1,291,453</u>
Affiliation fees		
- ALP NSW	<u>15,538</u>	<u>15,347</u>
Administration expenses		
- Conference and meeting expenses	<u>403</u>	<u>5,488</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2018

5. Result for the year (continued)

	2018	2017
Note	\$	\$
Grants or donations:		
- Donations - total paid that were \$1,000 or less	16,342	15,034
- Donations - total paid that were more than \$1,000	39,450	115,278
	<u>55,792</u>	<u>130,312</u>
Legal costs		
- Other legal matters	91,444	88,996
	<u>91,444</u>	<u>88,996</u>

6. Cash and cash equivalents

Cash on hand	1,150	6,294
Cash at bank	1,722,413	1,607,654
	<u>1,723,563</u>	<u>1,613,948</u>

7. Trade and other receivables

CURRENT

Trade receivables	(a)	203,765	124,220
Provision for impairment	(b)	-	-
Other receivables		45,636	219,640
		<u>249,401</u>	<u>343,860</u>

NON-CURRENT

Deposits		300	300
		<u>300</u>	<u>300</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2018

7. Trade and other receivables (continued)

(a) Ageing of receivables

	2018	2017
	\$	\$
0-30 days	<u>203,765</u>	<u>124,220</u>

(b) Impairment of receivables

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

31 December 2018	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	-	-	-	-	
Gross carrying amount (\$)	203,765	-	-	-	203,765
ECL provision	-	-	-	-	-

(c) Receivables from other reporting units

CFMMEU Mining and Energy National Office	<u>-</u>	<u>72,179</u>
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The above receivable is not deemed impaired.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

8. Financial assets

	2018	2017
	\$	\$
CURRENT		
Financial assets - at amortised cost		
Term deposits	3,115,980	-
Financial assets held-to-maturity		
Term deposits	-	2,797,929
	<u>3,115,980</u>	<u>2,797,929</u>
NON-CURRENT		
Financial assets - Fair value through profit and loss		
Listed shares	615	-
Financial assets - available for sale		
Listed shares	-	676
	<u>615</u>	<u>676</u>

Refer to note 23 regarding the change in accounting policy.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

9. Property, plant and equipment

	2018	2017
	\$	\$
Caravan park holiday centre		
At cost	480,085	480,085
Accumulated depreciation	(389,760)	(379,040)
	<u>90,325</u>	<u>101,045</u>
Land and buildings		
At cost	1,443,233	1,443,233
Accumulated depreciation	(308,409)	(282,618)
	<u>1,134,824</u>	<u>1,160,615</u>
Leasehold improvements		
At cost	75,691	75,691
Accumulated depreciation	(62,062)	(59,804)
	<u>13,629</u>	<u>15,887</u>
Total land and buildings	<u>1,238,778</u>	<u>1,277,547</u>
Motor vehicles		
At cost	275,358	278,599
Accumulated depreciation	(45,639)	(38,217)
	<u>229,719</u>	<u>240,382</u>
Office equipment		
At cost	242,511	228,745
Accumulated depreciation	(220,278)	(212,039)
	<u>22,233</u>	<u>16,706</u>
Caravan park equipment		
At cost	193,529	187,572
Accumulated depreciation	(151,530)	(143,840)
	<u>41,999</u>	<u>43,732</u>
	<u>1,532,729</u>	<u>1,578,367</u>

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Notes to the Financial Statements

For the Year Ended 31 December 2018

9. 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 financial year:

	Land and Buildings	Motor Vehicles	Office Furniture & Equipment	Caravan Park Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2018	1,277,547	240,382	16,706	43,732	1,578,367
Additions	-	261,357	14,928	4,795	281,080
Disposals	-	(207,270)	-	-	(207,270)
Depreciation expense	(38,769)	(64,750)	(9,401)	(6,528)	(119,448)
Balance at 31 December 2018	1,238,778	229,719	22,233	41,999	1,532,729
Balance at 1 January 2017	1,318,080	216,641	15,481	53,108	1,603,310
Additions	-	338,759	9,994	823	349,576
Disposals	-	(247,648)	(827)	-	(248,475)
Depreciation expense	(40,533)	(67,370)	(7,942)	(10,199)	(126,044)
Balance at 31 December 2017	1,277,547	240,382	16,706	43,732	1,578,367

10. Trade and other payables

	2018	2017
	\$	\$
CURRENT		
Trade payables	153,538	148,435
Other payables	562,765	343,294
	716,303	491,729

(a) Payables to other reporting entities

CFMMEU Mining and Energy National Office	192,836	169,063
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Notes to the Financial Statements

For the Year Ended 31 December 2018

10. Trade and other payables (continued)

(b) Legal costs payable

	2018	2017
Note	\$	\$
Legal costs relating to other legal matters	<u>91,444</u>	<u>88,996</u>

11. Other liabilities

CURRENT

Amounts received in advance	208,623	190,416
Funds held in trust	<u>45,013</u>	<u>44,701</u>
	<u>253,636</u>	<u>235,117</u>

12. Employee benefits

CURRENT

Employee benefits liability	(a) <u>1,073,519</u>	<u>1,076,526</u>
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Notes to the Financial Statements

For the Year Ended 31 December 2018

12. Employee benefits (continued)

(a) Total employee benefits attributable to:

	2018	2017
	\$	\$
Office Holders:		
- Annual leave	218,356	213,786
- Long service leave	-	-
- Separations and redundancies	234,037	193,901
- Other	351,887	308,662
	<u>804,280</u>	<u>716,349</u>
Employees other than office holders:		
- Annual leave	97,102	111,159
- Long service leave	43,696	42,520
- Separation and redundancies	19,344	56,517
- Other	109,097	149,981
	<u>269,239</u>	<u>360,177</u>
Total	<u><u>1,073,519</u></u>	<u><u>1,076,526</u></u>

13. Reserves

Financial asset reserve

Up until 31 December 2017, change in the fair value of available for sale investments are recognised in other comprehensive income - financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises. Refer note 2(d)(iii).

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Notes to the Financial Statements

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14. Capital and leasing commitments

Operating Leases

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	63,037	63,037
- between one year and five years	252,148	252,148
- later than five years	378,222	441,259
	<u>693,407</u>	<u>756,444</u>

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a maximum term of twenty years. Increases in lease commitments may occur in line with the Consumer Price Index (CPI).

15. Lessor Commitments (Receivable)

Operating lease commitments receivable - Union as lessor

The Union leases out its property (included in property, plant and equipment) under commercial leases. These non-cancellable leases have terms between one and twelve years. All leases include an option for the Union to increase rent to current market rental on an annual basis.

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

- no later than one year	<u>19,118</u>	<u>54,397</u>
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16. Financial risk management

The main risks the Union 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, short-term investments, accounts receivable and payable.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

16. 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	2018 \$	2017 \$
Financial Assets			
Cash and cash equivalents	6	1,723,563	1,613,948
Financial assets - at amortised cost	8	3,115,980	-
Financial assets - held to maturity	8	-	2,797,929
Financial assets - Fair value through profit and loss	8	615	-
Financial assets - available-for-sale	8	-	676
Trade and other receivables	7	249,401	343,860
Total financial assets		5,089,559	4,756,413
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	10	716,303	491,729
Total financial liabilities		716,303	491,729

(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, deposits with banks and financial institutions, as well as credit exposure to 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.

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 2018

16. Financial risk management (continued)

(b) Liquidity Risk - Financial liability maturity analysis

Liquidity risk arises from the Union's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Union will encounter difficulty in meeting its financial obligations as they fall due.

The Union's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Union maintains cash and marketable securities to meet its liquidity requirements.

At the reporting date, these reports indicate that the Union expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Union's liabilities have contractual maturities which are summarised below:

	Less than 1 month		> 1 month	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables	716,303	491,729	-	-

(c) Market risk - Cash flow interest rate sensitivity

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 (interest rate risk).

The Union is exposed to interest rate risk as it holds term deposits and bank account balances.

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

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Notes to the Financial Statements

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16. Financial risk management (continued)

(c) Market risk - Cash flow interest rate sensitivity (continued)

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.

	Surplus/(deficit)		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2018	31,160	(31,160)	31,160	(31,160)
2017	35,116	(35,116)	35,116	(35,116)

The sensitivity analysis is performed on the same basis as in 2017.

17. Fair Value Measurement

Net Fair Values

The fair values of financial assets and financial liabilities are consistent with 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.

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17. Fair Value Measurement (continued)

Fair value hierarchy

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

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

The Union does not have any assets or liabilities measured at fair value, other than the financial assets referenced to at note 8.

18. Interests of Key Management Personnel

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

	2018	2017
	\$	\$
Short-term employee benefits	987,406	1,072,353
Post-employment benefits (superannuation)	126,115	85,907
Other long term benefits	-	-
Termination benefits	-	-
	<u>1,113,521</u>	<u>1,158,260</u>

19. Remuneration of Auditors

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

- auditing the financial report	20,750	17,670
- taxation and other services	14,640	18,140
Total	<u>35,390</u>	<u>35,810</u>

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20. Interests in Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2018	Percentage Owned (%)* 2017
Associates:			
The Trade Union Centre Wollongong Pty Ltd	Australia	<u>49.78</u>	49.78

**The percentage of ownership interest held is equivalent to the percentage voting rights.*

The Trade Union Centre Wollongong Pty Ltd

The Trade Union Centre Wollongong Pty Limited owned an office building which has been sold in December 2018. This associate is a small proprietary company incorporated in Australia and is likely to be wound up in the 2019 year upon making final distributions of capital.

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2018

20. Interests in Associates (continued)

Material associates

The above associate is considered to be material to Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District. The carrying amount of the Union's investment, calculated under the equity method of accounting is as follows (the information disclosed reflects the amounts presented in the financial statements of the joint venture and not Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District's share of those amounts):

	Unaudited 31 December 2018 \$	Audited 30 June 2018 \$
The Trade Union Centre Wollongong Pty Ltd		
Summarised balance sheet		
Cash and cash equivalents	2,479,649	85,314
Other current assets	4,169	1,437
Non-current assets	-	1,859,679
Current liabilities	(8,606)	(11,016)
Net assets	<u>2,475,212</u>	<u>1,935,414</u>
Summarised statement of comprehensive income		
Revenue	46,911	112,702
Profit/(loss) from continuing operations	(14,332)	18,669
Total comprehensive income	<u>(14,332)</u>	<u>18,669</u>

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2018

20. Interests in Associates (continued)

Reconciliation of carrying amount of interest in associate to summarised financial information for associates accounted for using the equity method:

	2018	2017
	\$	\$
Union's share of 49.78% of net assets	<u>1,239,583</u>	<u>963,449</u>

Risks associated with the interests in associates

In the opinion of the Committee of Management, the Union did not have any contingencies in relation to the associate or contractual arrangements that would require the Union to provide financial support to the associate at 31 December 2018 (31 December 2017: None).

21. Related party transactions

(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 Committee of Management (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 18: Interests of Key Management Personnel (KMP).

Other transactions with KMP and their related entities are shown below.

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2018

21. Related party transactions (continued)

(b) Transactions with related parties

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

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Associated companies		
Trade Union Centre Wollongong		
Office space rented	82,976	56,057
Other related parties		
Construction, Forestry, Maritime, Mining & Energy Union - Mining and Energy		
Directors fees received	91,556	65,617
ISHR Funding Passed Through	65,000	-
Travel costs	3,696	-
Central Council Wages	10,770	-
LSL Entitlements Payment	42,546	-
Sundry income received	-	14,895
Legal assistant fees paid	91,444	88,996
Capitation fees paid	996,376	1,082,847
Campaign and Special Administration Fund paid	438,326	208,606
Close family member of member of Committee of Management		
Salary & wages were paid during the year to a close family member of an elected official for the provision of administration services. Terms and conditions were within a normal employee relationship and no more favourable than those made available to other employees	61,589	47,099

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2018

21. Related party transactions (continued)

From time to time the Union makes expenditures for which a component relates to other branches (reporting units). These expenditures are then reimbursed to the Union at cost hence they are not considered to be related party transactions.

(c) Related Party Balances

- i) *Trade and other receivables* - Refer to Note 7(c) for reporting units.
- ii) *Trade and other payables* - Refer to Note 10(a) for reporting units.
- iii) As at 31 December 2018, \$Nil (2017 \$4,671) is included within trade and other payables for rental of office space from the Trade Union Centre Wollongong Pty Limited.

22. Cash flow information

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

	2018	2017
	\$	\$
Result for the year	334,859	150,866
Cash flows excluded from net surplus attributable to operating activities		
Non-cash flows in net surplus:		
- depreciation	119,448	126,044
- net (gain)/loss on disposal of property, plant and equipment	(66,230)	14,731
- share of loss/(gain) of associate	(276,134)	(9,293)
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	94,459	35,632
- (increase)/decrease in prepayments	(11,303)	(5,547)
- increase/(decrease) in income in advance	18,519	-
- increase/(decrease) in trade and other payables	224,574	(178,044)
- increase/(decrease) in employee benefits	(3,007)	22,007
Cashflow from operations	<u>435,185</u>	<u>156,396</u>

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2018

22. Cash flow information (continued)

(b) Cash flow information

	2018	2017
	\$	\$
Cash inflows from reporting units (excluding GST)		
CFMMEU Mining and Energy	<u>311,124</u>	<u>85,042</u>
Cash outflows to reporting units (excluding GST)		
CFMMEU Mining and Energy	<u>1,649,328</u>	<u>1,468,091</u>

23 Change in Accounting Policy

On 1 January 2018 the Company adopted AASB 9 Financial Instruments which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The only change required was the reclassification of term deposits from Financial assets - held to maturity to Financial assets - at amortised cost. The updated accounting policies are disclosed in note 2(d). The aggregate effect of the change in accounting policy on the date of application is as follows:

	Previously stated	1 January 2018 Adjustments	Restated
	\$	\$	\$
Balance Sheet			
Financial Assets - at amortised cost	2,797,929	(2,797,929)	-
Financial Assets - held to maturity	-	2,797,929	2,797,929
Financial assets - fair value through profit and loss	-	676	676
Financial Assets - Available for sale assets	676	(676)	-
Current assets	<u>4,796,133</u>	-	<u>4,796,133</u>
Total assets	<u>7,338,925</u>	-	<u>7,338,925</u>
Net Assets	<u>5,535,522</u>	-	<u>5,535,522</u>

The Union has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

ABN: 49 954 293 181

Notes to the Financial Statements

For the Year Ended 31 December 2018

24. Section 272 Fair Work (Registered Organisation) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of the members is drawn to the provisions of Subsections [1] to [3] of Section 272, which read as follows:

Information to be provided to members or the Commissioner:

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

Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

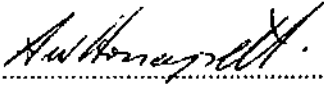
ABN: 49 954 293 181

Report required under subsection 255 (2A)

For the Year Ended 31 December 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2018.

	2018	2017
	\$	\$
Remuneration and other employment related costs and expenses - employees	2,088,105	2,020,071
Advertising	1,191	8,311
Operating costs	2,590,624	2,378,124
Donations to political parties	-	-
Legal costs	91,444	88,996



.....
Andy Honeysett
President

25 March 2019

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Officer Declaration Statement

I, Andy Honeysett, being the President of the Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District, declare that the following activities did not occur during the reporting period ending 31 December 2018 and 31 December 2017.

The reporting unit did not:

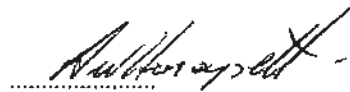
- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding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

Construction, Forestry, Mining and Energy Union - Mining and Energy Division, South Western District

ABN: 49 954 293 181

Officer Declaration Statement (continued)

- ~~• have a receivable with other reporting unit(s)~~
- ~~• have a payable with other reporting unit(s)~~
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- ~~• have a payable in respect of legal costs relating to other legal matters~~
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- ~~• have a balance within the general fund~~
- ~~• provide cash flows to another reporting unit and/or controlled entity~~
- ~~• receive cash flows from another reporting units and/or controlled entity~~
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



Andy Honeysett
President
25 March 2019

Independent Audit Report to the members of Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

Report on the Audit of the Financial Report

We have audited the financial report of Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District (the "Union"), which comprises the balance sheet as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies, and the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial positions of the Union as at 31 December 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Union in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Operating Report accompanying the Financial Report.

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

Independent Audit Report to the members of Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

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 on the other information obtained prior to the date of this auditor's report, 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 Managements for the Financial Report

The Committee of Managements of the Union are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Managements 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 Managements are responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Managements either intend to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

Independent Audit Report to the members of Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I declare that I am an auditor, Registered under the RO Act.

Daley & Co.

Daley & Co
Chartered Accountants

Michael Mundt

Michael Mundt
Partner

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

Wollongong
25 March 2019

Liability Limited by a Scheme approved under Professional Standards Legislation

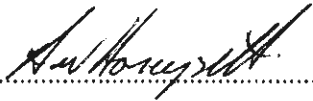
Construction, Forestry, Maritime, Mining and Energy Union - Mining and Energy, South Western District

ABN: 49 954 293 181

Designated Officer's Certificate

I, Andy Honeysett being the President of the Construction Forestry Maritime Mining and Energy - Mining Energy Division, South Western District, certify that:

- that the documents lodged herewith are copies of the full report for the Construction Forestry Maritime Mining and Energy Union Mining and Energy Division South Western District Branch for the period ended 31 December 2018 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 25 March 2019; and
- that the full report was presented to a meeting of the board of management of the reporting unit on 25 March 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



.....
Andy Honeysett
President

Dated 25 March 2019

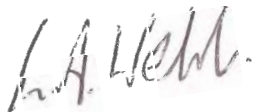
CFMMEU, Mining and Energy Division, South Western District Branch.

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ending 31st December 2018

I Lee Webb being the District Secretary of the CFMMEU, Mining and Energy Division, South Western District Branch certify:

- that the documents lodged herewith are copies of the full report for the CFMEU, Mining and Energy Division, South Western District Branch, for the period ended (31st December 2018) referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 12th April 2019, after adoption of the accounts by the Board of Management, and
- that the full report was supplied to members through our union website and circulation at work sites, and presented at a series of meetings held by the members of the CFMEU, Mining and Energy Division, South Western Branch, the last meeting being on the Wednesday 12th June 2019, in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Lee Webb
District Secretary

14th June 2019



21 January 2019

Mr Lee Webb
District Secretary
Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division South Western
District Branch
By Email: leewebb@umw.com.au

Dear Mr Webb,

**Re: Lodgement of Financial Report - [FR2018/297]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

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

Loans Grants and Donations Statement

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

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

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

Financial report

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

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

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

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

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

Subsection 255(2A) report

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

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

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

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

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

Contact

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

Yours faithfully,

Kylie Ngo
Registered Organisations Commission

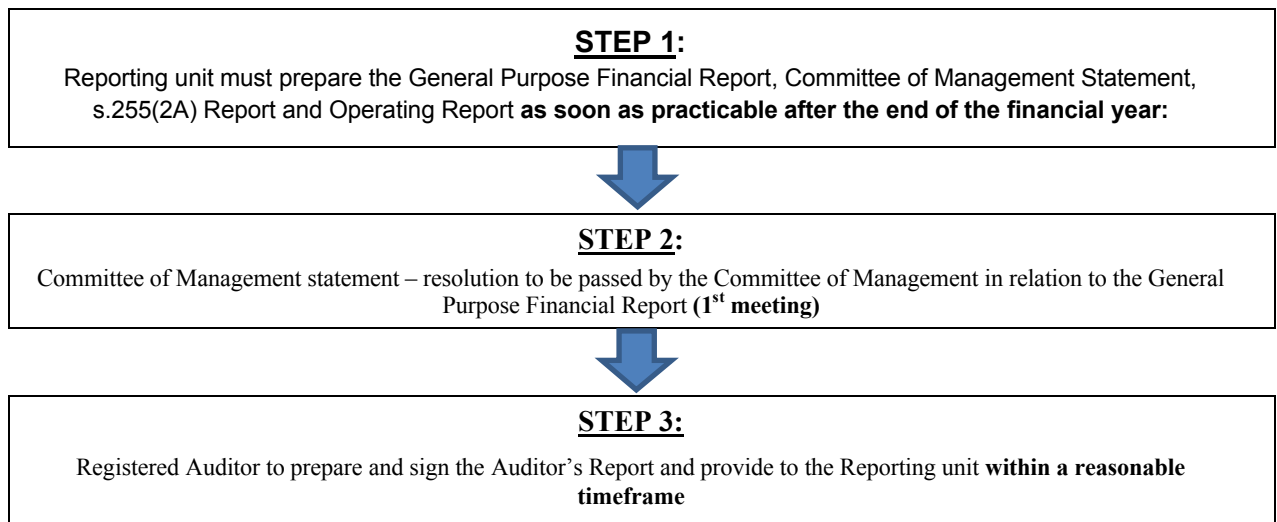


Fact sheet

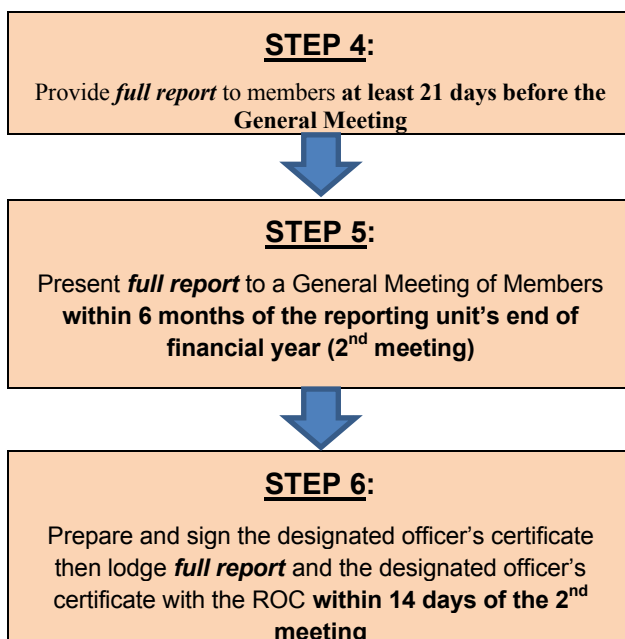
Summary of financial reporting timelines – s.253 financial reports

General Information:

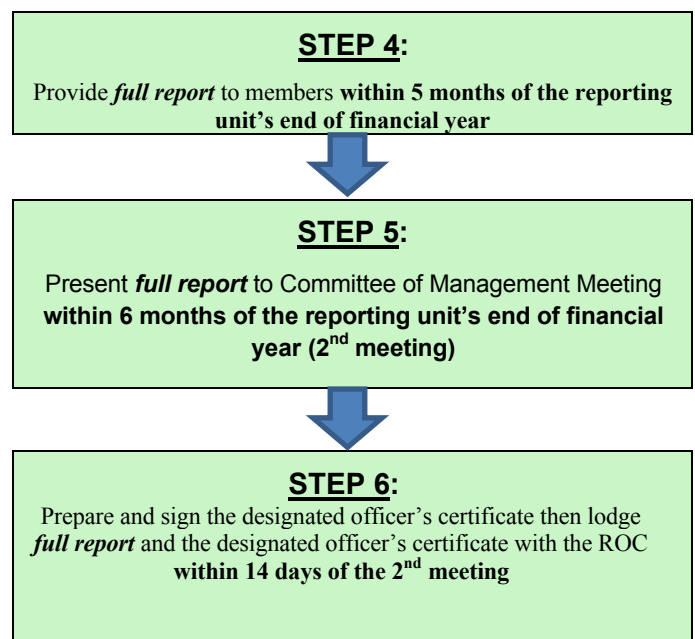
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



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





















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



Misconceptions

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

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

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

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

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

The Loans, Grants & Donations Statement

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

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

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

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

Common misconceptions

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

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

Grants & Donations within the Financial Report

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

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

In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

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

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

Implications for filing the Financial Report

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

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

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

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

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

Further information

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

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.