



7 June 2019

Geoff Dyke
Victorian District Secretary
Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division - Victorian District Branch

Sent via email: gdyke@cfmeuvic.org.au
mm@daley.com.au

Dear Geoff Dyke,

**Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division - Victorian District Branch
Financial Report for the year ended 31 December 2018 – (FR2018/331)**

I acknowledge receipt of the financial report of the Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division - Victorian District Branch. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 27 May 2019. I also acknowledge receipt of the amended certificate by prescribed officer which was lodged with the ROC on 5 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 5 *Result for the year – Administration expenses* includes fees/allowances – meeting and conferences expenses of \$615 for the 2018 financial year (2017: \$461). The officer's declaration statement, however discloses a nil disclosure in relation to paying to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit.

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 & Energy Division – Victorian District Branch

s.268 *Fair Work (Registered Organisations) Act 2009*

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER¹

Certificate for the period ended 31 December 2018

I, **Geoffrey Wayne Dyke** being the **Secretary** of the Construction, Forestry, Maritime, Mining and Energy Union - Mining & Energy Division – Victorian District Branch certify:

- that the documents lodged herewith are copies of the full report for the Construction, Forestry, Maritime, Mining and Energy Union - Mining & Energy Division – Victorian 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 13 March 2019; and
- that the full report was presented to a series of general Lodge meetings of the members of the reporting unit, the last of such meetings being held on 20 May 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:

Name of prescribed designated officer: Geoffrey Wayne Dyke

Title of prescribed designated officer: Secretary

Dated: 27 May 2019

¹ Regulation 162 of the Fair Work (Registered Organisations) Regulations 2009 defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:
(a) the secretary; or
(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

**Construction Forestry Maritime Mining and
Energy Union, Mining and Energy Division -
Victorian District Branch**

ABN: 38 442 492 093

Financial Statements

For the Year Ended 31 December 2018

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

31 December 2018

Financial Statements

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Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Operating Report

For the Year Ended 31 December 2018

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

Names of Board of Management members and period positions held during the financial year

The names of each person who has been on the Board of Management ("BOM") during the year are:

Name	Position	Period of Appointment
Mr T Williams	District President	1/1/18 - 31/12/18
Mr G Dyke	District Secretary	1/1/18 - 31/12/18
Mr P Waanders	District Vice President	1/1/18 - 31/12/18
Mr B Leighton	BOM Member	1/1/18 - 31/12/18
Mr A Wolfe	BOM Member	1/1/18 - 31/12/18
Mr SR Caines	BOM Member	1/1/18 - 31/12/18
Mr R Barber	BOM Member	1/1/18 - 31/12/18
Mr M Karabadjak	BOM Member	19/9/18 - 31/12/18
Mr M Micallef	BOM Member	19/6/18 - 31/12/18
Mr S Sceney	BOM Member	1/1/18 - 28/2/18
Mr M Richards	BOM Member	1/1/18 - 1/7/18
Mr G Aitken	BOM Member	1/1/18 - 19/9/18
Mr G Ypelean	BOM Member	1/1/18 - 28/5/18

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Operating Report

For the Year Ended 31 December 2018

Review of operations

A review of the operations and results of the Union is performed at meetings of the Board of Management.

Principal activities

The principal activities of Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch during the financial year were:

- Conducting Activities for Parliamentary, Divisional and District 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 District's interest on various national committees and organisations.
- Responsibility for servicing national awards and enterprise agreements and maintaining related information services. District Office also advises Lodges on industrial matters.
- Provision to Lodges with economic and industrial research.
- Provision to Lodges of a National Library including information service / library through an electronic data base.
- Co-ordinating O H & S nationally and maintaining a national policy database and information service.
- Leading the conduct of legal action launched in defence of the District'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 financial year.

Results of activities

The result of the Union was a surplus of \$27,482 (2017: surplus of \$42,751). The Board of Management believe that they have furthered the interests of their members throughout the financial year through conducting the Union's principal activities.

Significant changes in state of affairs

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

Events after the reporting date

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

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Operating Report

For the Year Ended 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 925 members of the Union as at 31 December 2018 (2017: 995).

Number of employees

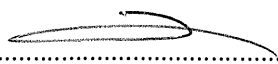
As at 31 December 2018 the Union had 3 full time equivalent employees (2017: 4).

Officers or members who are superannuation fund trustee(s) or directors of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

No 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 trustee of a superannuation entity or an exempt public sector superannuation scheme.

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



.....

Trevor Williams
District President

Dated 6 March 2019

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Board of Management Statement

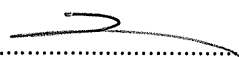
31 December 2018

On the 6 March 2019 the Board of Management of the Construction Forestry Maritime Mining and Energy Union Mining and Energy Division - Victorian District Branch 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* ("the RO Act");
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the 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 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.


.....
Trevor Williams
District President
Dated: 6 March 2019


.....
Geoff Dyke
District Secretary

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2018

		2018	2017
		\$	\$
	Note		
Revenue	4	1,005,154	1,000,845
Other income	4	86,898	-
Employee benefits expense	5	(599,419)	(553,872)
Depreciation and amortisation expense	5	(30,782)	(29,243)
Capitation fees	5	(170,858)	(201,851)
Campaign expenses		(86,898)	-
Affiliation fees	5	(8,555)	(6,911)
Donations and gifts	5	(10,231)	(8,088)
Professional fees		(17,110)	(18,422)
Merchandise		(2,165)	(306)
Motor vehicle expenses		(11,748)	(11,562)
Administration expenses		(126,804)	(127,839)
Result for the year		27,482	42,751
Other comprehensive income		-	-
Total comprehensive income for the year		27,482	42,751

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Balance Sheet

As at 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	345,463	326,564
Trade and other receivables	7	44,566	19,049
Inventories	8	5,785	4,699
Other financial assets	9	404,638	393,425
Other assets	10	9,390	10,040
TOTAL CURRENT ASSETS		809,842	753,777
NON-CURRENT ASSETS			
Property, plant & equipment	11	330,163	352,072
TOTAL NON-CURRENT ASSETS		330,163	352,072
TOTAL ASSETS		1,140,005	1,105,849
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	117,720	105,495
Employee benefits	14	101,566	129,657
Other liabilities	13	37,617	19,938
TOTAL CURRENT LIABILITIES		256,903	255,090
NON-CURRENT LIABILITIES			
Employee benefits	14	6,745	1,884
TOTAL LIABILITIES		263,648	256,974
NET ASSETS		876,357	848,875
EQUITY			
Retained earnings		876,357	848,875
TOTAL EQUITY		876,357	848,875

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Statement of Changes in Equity

For the Year Ended 31 December 2018

	Retained Earnings	
	2018	2017
	\$	\$
Balance at 1 January	848,875	806,124
Result for the year	<u>27,482</u>	<u>42,751</u>
Balance at 31 December	<u>876,357</u>	<u>848,875</u>

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Statement of Cash Flows

For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and members contributions	1,116,101	1,039,421
Interest received	12,227	24,451
Payments to suppliers and employees	(1,148,760)	(1,126,192)
Rent received	44,444	39,958
Other receipts	14,973	46,865
Net cash provided by operating activities	20(a) <u>38,985</u>	<u>24,503</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for plant and equipment	(8,873)	(2,354)
Purchase of investments	(11,213)	(23,425)
Net cash used in investing activities	<u>(20,086)</u>	<u>(25,779)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents held	18,899	(1,276)
Cash and cash equivalents at beginning of year	<u>326,564</u>	<u>327,840</u>
Cash and cash equivalents at end of financial year	6 <u><u>345,463</u></u>	<u><u>326,564</u></u>

The accompanying notes form part of these financial statements.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

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 Division - Victorian District Branch ("the Union") as an individual entity. The financial statements are presented in Australian Dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

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

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

2 Summary of Significant Accounting Policies

(a) Property, plant and equipment

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

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

Depreciation

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

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

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)

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

Fixed asset class	Depreciation rate
Buildings	2.5 - 10%
Plant and Equipment	5 - 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) Financial instruments

Accounting policy applied after 1 January 2018

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

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

Financial assets

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

Classification

On initial recognition, the Union classifies its financial assets as those measured at amortised cost.

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

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(b) Financial instruments (continued)

Financial assets (continued)

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

Interest income and impairment are recognised in profit or loss.

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).

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(b) Financial instruments (continued)

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.

Financial liabilities

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

The financial liabilities of the Union comprise trade payables.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(b) Financial instruments (continued)

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:

Initial recognition and measurement

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

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

Financial Assets

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

- loans and receivables;
- financial assets at fair value through profit or loss; 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.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(b) Financial instruments (continued)

Accounting policies prior to 1 January 2018 (continued)

Loans and receivables

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

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

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

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

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

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

Held-to-maturity investments

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

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

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(b) Financial instruments (continued)

Accounting policies prior to 1 January 2018 (continued)

Financial liabilities

Financial liabilities are classified as financial liabilities.

The Union's financial liabilities include 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.

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.

Derecognition of financial assets

The Union derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(c) 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.

(d) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(e) Provisions

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

(f) 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 reflected in note 16.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(g) Leases

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

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

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

(h) 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.

Interest revenue

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

Rental income

Rental 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.

Membership subscriptions

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

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

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(i) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(j) Goods and services tax (GST)

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

Receivables and payables 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.

(k) Income tax

No provision for income tax is necessary, as the union (being a registered Industrial Trade Union) is exempt from tax under s50.1 of the *Income Tax Assessment Act*.

(l) New Accounting Standards and Interpretations not yet 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:

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies (continued)

(I) New Accounting Standards and Interpretations not yet adopted (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 2019), 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 and will make more detailed assessments of the impact over the next twelve months.

AASB 16 Leases

The standard will affect primarily the accounting for the Union's operating leases. 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. It is not expected to have a material impact.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. At this stage, the Union does not intend to adopt the standard before its effective date.

3 Critical Accounting Estimates and Judgments

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

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

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

3 Critical Accounting Estimates and Judgments (continued)

The significant estimates and judgements made have been described below.

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. The impairment provision is based on the best information at the reporting date.

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 - 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.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

4 Revenue and other income

Revenue from continuing operations

	2018	2017
	\$	\$
Revenue		
Membership subscriptions	934,795	940,543
Reimbursements	1,480	1,158
Interest income	12,132	12,075
Rental income	44,444	36,325
Other income	12,303	10,744
	<u>1,005,154</u>	<u>1,000,845</u>

Other income

Campaign funds received	86,898	-
	<u>1,092,052</u>	<u>1,000,845</u>

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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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
	\$	\$
Grants and donations:		
- Grants:		
Total paid that were \$1,000 or less	-	2,588
- Donations:		
Total paid that were \$1,000 or less	10,231	5,500
	10,231	8,088
Depreciation and amortisation:		
- Land and buildings	11,344	9,853
- Plant and equipment	19,438	19,390
	30,782	29,243
Legal costs:		
- Fines paid to court	-	25,000
Employee Expenses		
Holders of office:		
- Wages and salaries	247,717	291,966
- Superannuation	36,373	34,855
- Leave and other entitlements	(17,368)	(14,183)
- Separation and redundancies	-	-
- Other employee expenses	6,373	19,666
	273,095	332,304

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

5 Result for the year (continued)

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

	2018	2017
	\$	\$
Employees other than office holders:		
- Wages and salaries	246,263	209,965
- Superannuation	27,713	25,924
- Leave and other entitlements	8,365	(20,235)
- Separation and redundancies	-	-
- Other employee expenses	43,983	5,914
	<u>326,324</u>	<u>221,568</u>
Total employee expenses	<u>599,419</u>	<u>553,872</u>
Capitation fees:		
- CFMMEU Mining & Energy National Office	<u>170,858</u>	<u>201,851</u>
Affiliation fees:		
- Victorian Trades Hall Council	4,691	4,593
- Gippsland Trades & Labour Council	3,864	2,318
	<u>8,555</u>	<u>6,911</u>
Administration expenses:		
- Compulsory levies	134,206	15,725
- Conference and meetings expenses	1,013	5,367
- Fees / allowances - meeting and conferences	615	461
	<u>135,834</u>	<u>21,553</u>

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

6 Cash and cash equivalents

	2018	2017
	\$	\$
Cash on hand	400	700
Cash at bank	345,063	325,864
	<u>345,463</u>	<u>326,564</u>

7 Trade and other receivables

Trade receivables	(a) 66,051	11,328
Provision for impairment	(c) (30,333)	-
	<u>35,718</u>	<u>11,328</u>
Other receivables	8,848	7,721
	<u>44,566</u>	<u>19,049</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

7 Trade and other receivables (continued)

(a) Aged analysis

	2018	2017
	\$	\$
0-30 days (past due and impaired)	10,303	11,328
30-60 days (past due and impaired)	20,062	-
60-90 days (past due and impaired)	5,748	-
90-180 days (past due and impaired)	9,819	-
180-365 days (past due and impaired)	12,519	-
+365 days (past due and impaired)	7,600	-
Total	66,051	11,328

(b) *Receivables from other reporting units*

CFMMEU C&G Victorian District - Training Unit	1,000	250
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Receivables from other reporting units are not considered impaired (2017: nil).

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

7 Trade and other receivables (continued)

(c) Impairment of receivables

The Union applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2018 is determined as follows, the expected credit losses incorporate forward looking information.

	< 30 days overdue	< 60 days overdue	< 90 days overdue	< 180 days overdue	< 365 days overdue	+365 days overdue	Total
31 December 2018							
Expected loss rate (%)	5.00	20.00	40.00	60.00	80.00	100.00	
Gross carrying amount (\$)	10,303	20,062	5,748	9,819	12,519	7,600	66,051
ECL provision	516	4,012	2,299	5,891	10,015	7,600	30,333

The Union measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

8 Inventories

	2018	2017
	\$	\$
Merchandise at cost	5,785	4,699

9 Financial assets

Financial assets - at amortised cost	404,638	-
Financial assets - held-to-maturity	-	393,425
	<u>404,638</u>	<u>393,425</u>

Financial assets at amortised cost

CURRENT

Term deposits

404,638	-
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Financial Assets held-to-maturity

CURRENT

Term deposits

-	393,425
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Refer note 16 regarding the change in accounting policy.

10 Other assets

Prepayments	9,390	10,040
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Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

11 Property, plant and equipment

	2018	2017
	\$	\$
Freehold land at cost	23,000	23,000
Buildings		
At cost	388,626	387,006
Accumulated depreciation	(119,436)	(108,092)
	<u>269,190</u>	<u>278,914</u>
Total Land and Buildings	<u>292,190</u>	<u>301,914</u>
Plant and equipment		
At cost	69,111	61,858
Accumulated depreciation	(50,631)	(44,914)
	<u>18,480</u>	<u>16,944</u>
Motor vehicles		
At cost	54,886	54,886
Accumulated depreciation	(35,393)	(21,672)
	<u>19,493</u>	<u>33,214</u>
Total property, plant and equipment	<u><u>330,163</u></u>	<u><u>352,072</u></u>

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

11 Property, plant and equipment (continued)

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

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

	Land and buildings \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 January 2018	301,914	16,944	33,214	352,072
Additions	1,620	7,253	-	8,873
Depreciation expense	(11,344)	(5,717)	(13,721)	(30,782)
Balance at 31 December 2018	<u>292,190</u>	<u>18,480</u>	<u>19,493</u>	<u>330,163</u>
Balance at 1 January 2017	311,767	20,259	46,935	378,961
Additions	-	2,354	-	2,354
Depreciation expense	(9,853)	(5,669)	(13,721)	(29,243)
Balance at 31 December 2017	<u>301,914</u>	<u>16,944</u>	<u>33,214</u>	<u>352,072</u>

12 Trade and other payables

	2018 \$	2017 \$
Trade and other payables	53,400	50,411
Employee benefits	10,358	10,879
Sundry payables and accrued expenses	53,962	44,205
	<u>117,720</u>	<u>105,495</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

12 Trade and other payables (continued)

(a) Payables to other reporting entities:

	2018	2017
	\$	\$
CFMMEU Mining & Energy National Office	<u>23,670</u>	<u>18,493</u>

13 Other liabilities

CURRENT

Membership income in advance	37,617	19,760
Other	-	178
	<u>37,617</u>	<u>19,938</u>

14 Employee benefits

CURRENT

Employee benefits	<u>101,566</u>	<u>129,657</u>
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NON-CURRENT

Employee benefits	<u>6,745</u>	<u>1,884</u>
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Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

14 Employee benefits (continued)

	2018	2017
	\$	\$
<i>Total employee benefits attributable to:</i>		
<i>Office Holders:</i>		
- Annual leave	35,650	12,953
- Long service leave	782	7,625
- Separations and redundancies	-	-
- Other	-	23,677
	<u>36,432</u>	<u>44,255</u>
<i>Employees other than office holders:</i>		
- Annual leave	63,270	66,536
- Long service leave	8,609	21,538
- Separation and redundancies	-	-
- Other	-	(788)
	<u>71,879</u>	<u>87,286</u>
Total	<u><u>108,311</u></u>	<u><u>131,541</u></u>

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

15 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 Board of Managements' overall risk management strategy seeks to assist the Union in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

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

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

		2018	2017
		\$	\$
Financial Assets			
Cash and cash equivalents	6	345,463	326,564
Financial Assets - at amortised cost	9	404,638	-
Financial Assets - held to maturity	9	-	393,425
Trade and other receivables	7	44,566	19,049
Total financial assets		794,667	739,038
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	12	117,720	105,495
Total financial liabilities		117,720	105,495

(a) Credit risk

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

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

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

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2018

15 Financial risk management (continued)

Credit risk (continued)

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

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

(b) Credit risk - Trade and Other Receivables

The the Union's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon is recorded at note 7(c). Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Union and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Union.

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

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

The other classes of receivables do not contain impaired assets.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

15 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk arises from the Union's management of working capital. 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's liabilities have contractual maturities which are summarised below:

	<1 year		>1 year	
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade and other payables	<u>117,720</u>	<u>105,495</u>	-	-

(d) Market risk

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

Interest rate risk

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 not exposed to material interest rate risk.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

16 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(b). 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 - held to maturity	393,425	(393,425)	-
Financial Assets - at amortised cost	-	393,425	393,425
Current Assets	753,777	-	753,777
Total Assets	1,105,849	-	1,105,849
Net Assets	848,875	-	848,875

There were no other changes to the financial assets held by the Company as at 1 January 2018. There were no changes to the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity or Statement of Cash Flows as a result of the implementation of AASB 9 *Financial Instruments*.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

17 Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch during the year are as follows:

	2018	2017
	\$	\$
Salary (including annual leave taken)	230,415	267,788
Leave accrued	22,696	(33,258)
	<u>253,111</u>	<u>234,530</u>
Post-employment benefits (superannuation)	36,373	30,087
Other long term benefits	(16,389)	2,484
Termination benefits	-	-
	<u>273,095</u>	<u>267,101</u>

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 19: Related Party Transactions.

18 Remuneration of Auditor

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

- auditing the financial report	16,330	14,000
- other services (FBT preparation & lodgement)	-	580
	<u>16,330</u>	<u>14,580</u>

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

19 Related party transactions

Related Parties

(a) Key management personnel

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

For details of disclosures relating to key management personnel, refer to Note 17: Key Management Personnel Compensation.

(b) Related Party Balances

(i) Trade and other receivables

Refer to Note 7(b) for reporting units.

(ii) Trade and other payables

Refer to Note 12(a) for reporting units.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

19 Related party transactions (continued)

(c) 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
	\$	\$
CFMMEU M&E Division		
Capitation fees expense	170,858	201,851
Campaign and Special Administration Fund expense	47,308	15,725
Campaign contributions expense	85,652	-
Allowances received and sundry income	11,702	-
CFMMEU, Construction & General Division, National Office		
Computer software Support expense	-	3,080
CFMMEU, Construction & General Division, NSW Division		
Internet access and system maintenance expense	8,530	-
CFMMEU - Construction & General Victorian District - Training Unit		
Rental income received	7,955	2,270
Occupancy and administration services	32,489	35,738
Close family member		
Salary & Wages were paid during the year to a relative of an elected official for the provision of administration services on a part-time basis. Terms and conditions were within a normal employee relationship and no more favourable than those made available to other employees	43,537	43,359

From time to time the union makes expenditures which relate to itself as well as other branches and divisions of the CFMMEU. These expenditures are then reimbursed to the Union at cost, hence they are not considered to be related party transactions.

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

20 Cash flow information

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

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Result for the year	27,482	42,751
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	30,782	29,243
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(25,517)	48,370
- decrease/(increase) in prepayments	650	(5,547)
- (increase)/decrease in inventories	(1,086)	-
- increase/(decrease) in trade and other payables	12,225	(63,183)
- increase/(decrease) in income in advance	17,679	7,288
- (decrease)/increase in employee benefits	(23,230)	(34,419)
Cashflow from operations	38,985	24,503

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Notes to the Financial Statements

For the Year Ended 31 December 2018

20 Cash flow information (continued)

(b) Cash flow information

	2018	2017
	\$	\$
Cash inflows from reporting units		
- CFMMEU Mining & Energy National Office	12,873	10,376
- CFMMEU Construction & General Victorian Branch	53,423	42,228
Cash outflows to reporting units		
- CFMMEU Mining & Energy National Office	352,283	244,699
- CFMMEU Construction & General National Office	-	3,080
- CFMMEU Construction & General NSW Division	9,383	-

21 Events after the end of the Reporting Period

The financial report was authorised for issue on 6 March 2019 by the Board of Management.

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 Division - Victorian District Branch

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Notes to the Financial Statements

For the Year Ended 31 December 2018

22 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 reads as follows:

Information to be provided to members or the Commissioner:

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

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Report required under subsection 255 (2A)

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

	2018 \$	2017 \$
Remuneration and other employment related costs and expenses - employees	606,849	568,374
Advertising	1,883	1,460
Operating costs	425,056	349,742
Donations to political parties	-	-
Legal costs	-	25,000



.....
Trevor Williams
District President

Dated: 6 March 2019

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

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Officer Declaration Statement

I, Trevor Williams, being the President of the Construction Forestry Maritime Mining Energy Union - Mining and Energy Division - Victorian District Branch, declare that the following activities did not occur during the reporting period ending 31 December 2018.

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
- ~~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

Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch

ABN: 38 442 492 093

Officer Declaration Statement

- 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


.....
Trevor Williams
District President

Dated: 6 March 2019

Report on the Financial Report

We have audited the financial report of Construction Forestry Maritime Mining and Energy Union, Mining and Energy Division - Victorian District Branch (the "Union"), which comprises the balance sheet as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies; the Board 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 respects, the financial position of the Union as at 31 December 2018 and of their performance and cashflows for the year then ended in accordance with:

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

We declare that management's use of the going concern basis in 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 as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Union in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

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

45.

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Independent Audit Report to the members of Construction Forestry Maritime Mining and Energy Union Mining and Energy Division - Victorian District Branch

Responsibilities of Board of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud or error 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 Board of Management.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.

**Independent Audit Report to the members of Construction Forestry Maritime Mining and Energy
Union Mining and Energy Division - Victorian District Branch**

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

We communicate with the Board 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

Wollongong
Dated 6 March 2019

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

Liability is limited by a Scheme approved under Professional Standards Legislation.



21 January 2019

Mr Geoff Dyke
District Secretary
Construction, Forestry, Maritime, Mining and Energy Union-Mining and Energy Division - Victorian
District Branch
By Email: gd14cfmeu@tpg.com.au

Dear Mr Dyke,

**Re: Lodgement of Financial Report - [FR2018/331]
*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 - Victorian 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

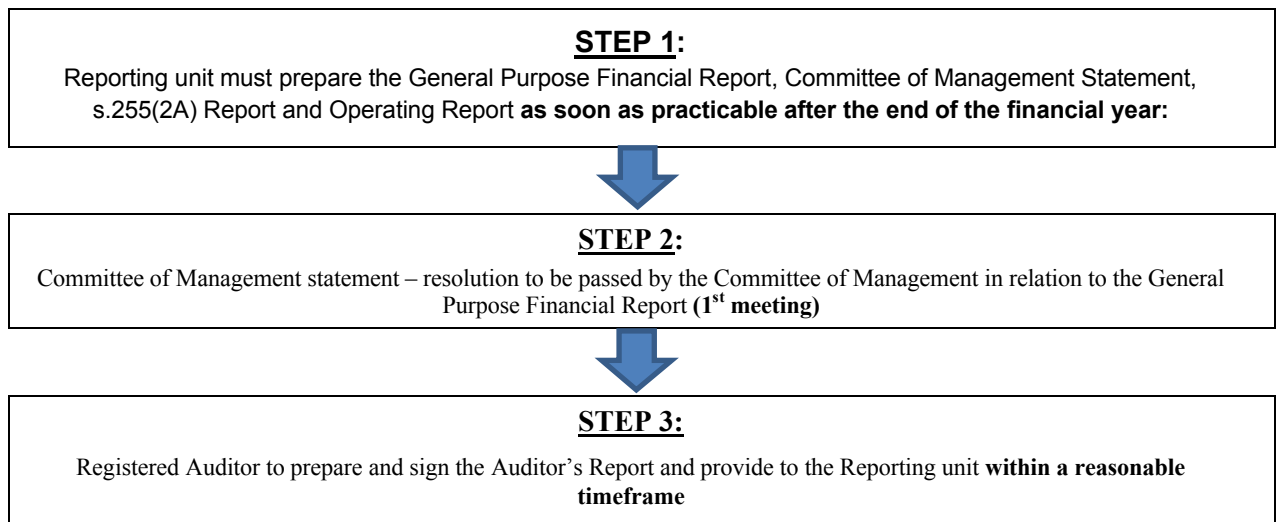


Fact sheet

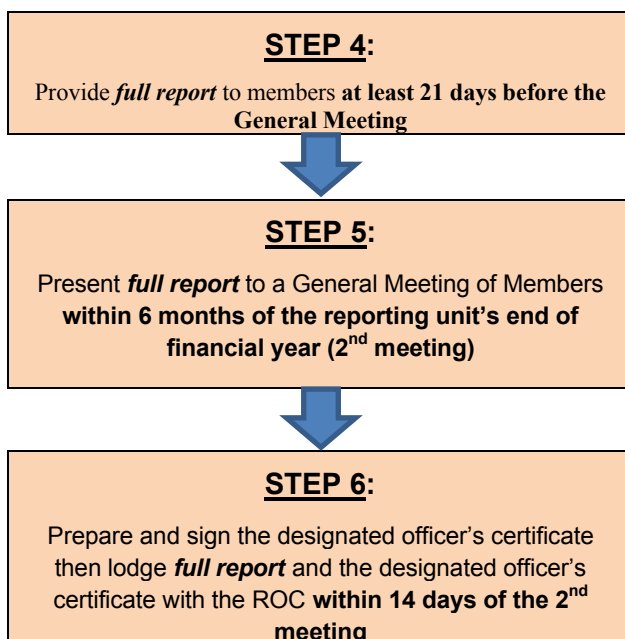
Summary of financial reporting timelines – s.253 financial reports

General Information:

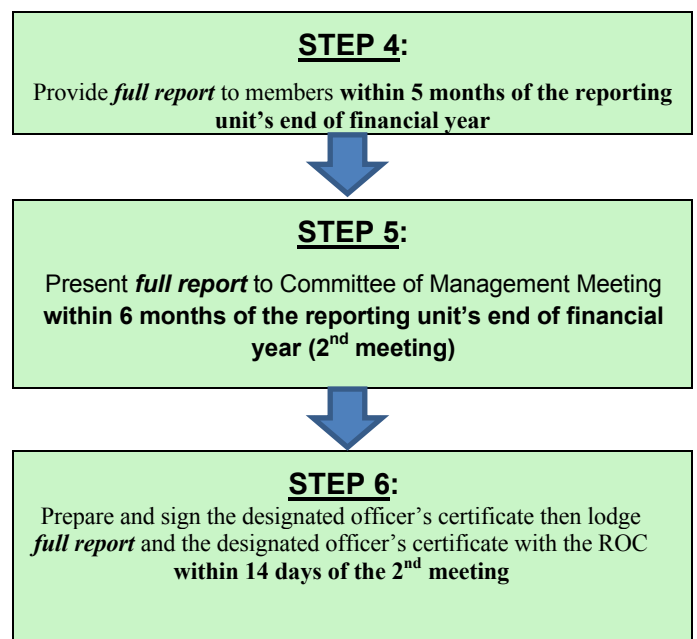
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



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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