



FAIR WORK
COMMISSION

23 July 2015

Mr Ralph Edwards
President, Victoria-Tasmania Branch
Construction & General Division
Construction, Forestry, Mining and Energy Union
500 Swanston Street
CARLTON SOUTH VIC 3053

sent to: edithh@vic.cfmeu.asn.au

Dear Mr Edwards

Re: Lodgement of Financial Statements and Accounts - Construction, Forestry, Mining and Energy Union, Construction and General Division, Victoria-Tasmania Divisional Branch - for year ended 31 December 2014 (FR2014/467)

I acknowledge receipt of the amended financial report for the Victoria-Tasmanian Divisional Branch. The documents comprising the amended report were lodged with the Fair Work Commission on 22 July 2015. The financial report has been filed. You do not have to take any further action.

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. However, the amended report also addresses the additional matters raised in my correspondence dated 16 June 2015.

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

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it assists in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting).¹

¹ <https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting>

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

Yours sincerely

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Senior Adviser
Regulatory Compliance Branch

From: KELLETT, Stephen

Sent: Thursday, 23 July 2015 8:26 AM

To: 'Edith Harris'

Subject: Attention Mr Ralph Edwards - Financial reporting - Vic-Tas Branch - y/e 31 Dec 2014 - filing

Dear Edith,

Please see attached my letter, addressed to Mr Edwards, in relation to the above.



CFMEU VTAS
FR2014 467 (primary)

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
FAIR WORK COMMISSION

80 William Street
EAST SYDNEY NSW 2011

(ph) (02) 6746 3283

(email) stephen.kellett@fwc.gov.au

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

From: Edith Harris [mailto:edithh@vic.cfmeu.asn.au]

Sent: Wednesday, 22 July 2015 4:47 PM

To: KELLETT, Stephen

Subject: published adjusted accounts in mail

Dear Stephen,

As requested our published adjusted accounts are attached and are in the mail to you.



IGA_22_7_2015_16
_16_9_474.pdf

Regards

Edith Harris CA

Finance Manager

CFMEU Construction and General Division ,Vic/Tas Divisional Branch

500 Swanston Street

Carlton South Vic 3053

Ph;9341 3456 Fax:9341 3427 email:edithh@vic.cfmeu.asn.au



22 July, 2015

Fair Work Commission
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011

Dear Sir,

RE: Year ended 2014

ACCOUNTS FOR CONSTRUCTION, FORESTRY, MINING
AND ENERGY UNION-CONSTRUCTION AND GENERAL
DIVISION BRANCH, VICTORIA-TASMANIA DIVISIONAL
BRANCH

Please find attached our audited financial accounts for the year ended 31 December, 2014 passed by our Divisional Branch Management Committee on Tuesday the 21st of July, 2015 adjusted as requested by the FWC.

These accounts were published on our website

www.cfmeuvic.com.au

on the 22 July ,2015.

Should you need any further information please contact Edith Harris on 03 9341 3456 or edithh@vic.cfmeu.asn.au.

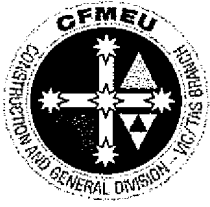
Yours faithfully

Ralph Edwards
President
CFMEU Construction and General Division (Victoria Tasmania Branch)

CFMEU

**CONSTRUCTION &
GENERAL DIVISION,
VIC/TAS DIVISIONAL
BRANCH**

ABN 74 392 029 244
500 Swanston Street
Carlton South 3053
Ph 03 9341 3444 Fax 03
9341 3427
PH: (03) 9341 3444
FAX: (03) 9341 3427



22nd of July, 2015

Fair Work Commission
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011

CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

I, RALPH EDWARDS

Being a prescribed designated officer, certify that the documents lodged with Fair Work Commission, consisting of the adjusted general purpose financial report of the Construction and General Division of the Construction, Forestry, Mining and Energy Union Victorian/ Tasmanian Branch for the year ended 31 December, 2014 were:

- Presented to the Divisional Branch Management Committee in accordance with the Fair Work (Registered Organisations) Act 2009 and Fair Work (Registered Organisations) Regulations 2009, on the 21 July, 2015
- Copies of the documents provided to members on our website for a second time (www.cfmeuVIC.com.au) on the 22 July, 2015.

Ralph Edwards
President
CFMEU Construction and General Division (Victorian/Tasmanian
Divisional Branch)

VIC/TAS DIVISIONAL
BRANCH
500 SWANSTON STREET
CARLTON STH, VIC 3053

ABN 74 392 029 244
PH: (03) 9341 3444
FAX: (03) 9341 3427

Date: 22.7.15

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

Operating Report

Introduction

The Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch ("CFMEU") is committed to providing a broad range of services to members and defending members' rights in Victorian and Tasmania.

Principal Activities

The principal activity of the CFMEU is that of a registered trade union in Australia reporting in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009. The many benefits of membership include unity in Enterprise Bargaining Agreements ("EBA") negotiations. The CFMEU employs organisers to help members and provides access to occupational health and safety representatives, training and legal advice. The results of the Union's principal activities are that members continue to have access to services such as EBAs, training, access to occupational health and safety representatives and legal advice. The principal activities of the CFMEU have not changed during the reporting period.

Financial Position

The CFMEU remains in a secure financial position because office holders have ensured that a "safety net" exists for members both individually and as a union so that our united strength can be defended. The Union's operations resulted in a net surplus of \$2,982,143 for the year ended 31 December 2014 (2013:\$8,075,132).

The investments of the Union are handled by the Investment Committee which is made up of Officers and Trustees taking advice from professional investment advisers. The investment committee increased investment holdings by \$1,000,000 in line with external investment advice during the year. The Investment Committee will continue to monitor the Union's investments.

Number of Employees

The Union had 86 full time equivalent employees (2013: 90 full time equivalent employees).

Number of Members

The number of members for the year ended 31 December 2014 was 23,536 (2013: 24,459)

Rights of Members

A member can resign from membership by written notice and in accordance with Chapter 6, Part 3, Section 174 of the Fair Work (Registered Organisation) Act 2009 and the rules of the CFMEU.

Trustee of Superannuation Entity

No officer or member of the Union holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

Operating Report (continued)

Office Holders

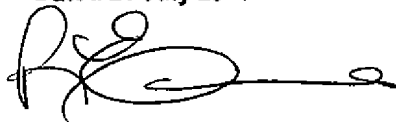
The names of the members of the Divisional Branch Management Committee "DBMC" during financial year were:

Akbari F	1 January 2014 to 31 December 2014
Balta S	1 January 2014 to 31 December 2014
Berardi D	1 January 2014 to 27 January 2014
Beattie B	1 January 2014 to 31 December 2014
Bergic S	1 January 2014 to 31 December 2014
Booth P	1 January 2014 to 31 December 2014
Booth R	1 January 2014 to 31 December 2014
Christopher D	1 January 2014 to 31 December 2014
Cody M	1 January 2014 to 31 December 2014
Cordier A	1 January 2014 to 31 December 2014
Constantinou J	1 January 2014 to 31 December 2014
Cracknell D	1 January 2014 to 31 December 2014
Doyle F	1 January 2014 to 31 December 2014
Duggan J	1 January 2014 to 31 December 2014
Edwards R	1 January 2014 to 31 December 2014
Ioannidis A	1 January 2014 to 31 December 2014
Long S	1 January 2014 to 31 December 2014
Lythgo D	1 January 2014 to 31 December 2014
Perkovic J	1 January 2014 to 31 December 2014
Raspudic R	1 January 2014 to 31 December 2014
Reardon S	1 January 2014 to 31 December 2014
Round P	1 January 2014 to 31 December 2014
Setka J	1 January 2014 to 31 December 2014
Savronidis C	1 January 2014 to 31 December 2014
Spernovasilis E	1 January 2014 to 31 December 2014
Stephenson G	1 January 2014 to 31 December 2014
Stradjot F	1 January 2014 to 31 December 2014
Theodorou T	1 January 2014 to 31 December 2014
Washington N	1 January 2014 to 31 December 2014
Williams R	1 January 2014 to 31 December 2014
White B	1 January 2014 to 31 December 2014

Signed

For and on behalf of the Divisional Branch Management Committee

Dated 21 July 2015



Ralph Edwards
President

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
Revenue	3	27,331,818	31,372,413
Less expenses			
Office and administration		2,086,527	1,915,680
Capitation, affiliation, and amalgamation		2,171,666	1,860,954
Depreciation	4	1,232,087	1,243,610
Direct employee benefits – office holders	4	3,637,654	3,810,752
Direct employee benefits – office employees	4	8,083,040	7,401,471
Employee related costs		1,542,489	1,640,665
Occupancy		934,048	1,139,397
Organisers, conference and consultancy expenses		4,111,059	3,940,017
Journal costs		398,258	340,816
Loss on disposal of plant and equipment		152,847	-
Loss on disposal of Investment properties		-	3,919
		<u>24,349,675</u>	<u>23,297,281</u>
Net (Deficit) / Surplus		<u>2,982,143</u>	<u>8,075,132</u>
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Net fair value gain on available for sale financial assets		247,635	525,857
Total comprehensive income for the year		<u>3,229,778</u>	<u>8,600,989</u>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 \$	2013 \$	1 Jan 2013 \$
CURRENT ASSETS				
Cash and cash equivalents	19(a)	14,353,117	13,669,384	12,382,559
Trade and other receivables	5	2,271,405	2,243,628	2,201,324
Inventories		-	-	28,515
Other financial assets	6	27,859,577	27,803,349	16,635,355
		<u>44,484,099</u>	<u>43,716,361</u>	<u>31,247,753</u>
NON-CURRENT ASSETS				
Investment properties	7	1,100,000	1,100,000	3,273,648
Property, plant and equipment	8	25,552,397	25,603,097	26,611,612
Other financial assets	6	1,682	1,682	1,001,682
		<u>26,654,079</u>	<u>26,704,779</u>	<u>30,886,942</u>
TOTAL ASSETS		<u>71,138,178</u>	<u>70,421,140</u>	<u>62,134,695</u>
CURRENT LIABILITIES				
Trade and other payables	9	1,256,615	3,852,002	1,467,112
Deferred membership subscriptions	2,10	3,521,666	3,832,291	3,903,150
Provisions	11	7,497,084	7,117,527	8,736,089
TOTAL LIABILITIES		<u>12,275,365</u>	<u>14,801,820</u>	<u>14,106,351</u>
NET ASSETS		<u>58,862,813</u>	<u>55,619,320</u>	<u>48,028,344</u>
MEMBERS' FUNDS				
Accumulated members funds		55,822,784	52,840,641	44,765,509
Asset revaluation reserve		3,040,029	2,778,679	3,262,835
TOTAL MEMBERS' FUNDS		<u>58,862,813</u>	<u>55,619,320</u>	<u>48,028,344</u>

The statement of financial position is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Accumulated Members Funds \$	Asset Revaluation Reserve (I) \$	Available for Sale Financial Assets Reserve (ii) \$	Total \$
Balance at 1 January 2013	48,668,659	3,166,667	96,168	51,931,494
Adjustment for change in accounting policy (note 2)	(3,903,150)	-	-	(3,903,150)
Balance at 1 January 2013 - restated	44,765,509	3,166,667	96,168	48,028,344
Surplus for the year	8,075,132	-	-	8,075,132
Other comprehensive income	-	-	525,857	525,857
Total comprehensive income	8,075,132	-	525,857	8,600,989
Previously recognised in equity transferred to profit or loss on disposal	-	(1,013,932)	3,919	(1,010,013)
Balance at 31 December 2013	52,840,641	2,152,735	625,944	55,619,320
Deficit for the year	2,982,143	-	-	2,982,143
Other comprehensive income	-	-	247,635	247,635
Total comprehensive income	2,982,143	-	247,635	3,229,777
Previously recognised in equity transferred to profit or loss on disposal	-	-	13,715	13,715
Balance at 31 December 2014	55,822,784	2,152,735	887,294	58,862,813

(I) The reserve is used to recognise increments in the fair value of land and buildings, excluding investment properties.

(ii) The reserve is used to recognise increments and decrements in the fair value of available for sale financial assets.

The statement of changes in equity is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 \$	2013 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		19,768,708	20,623,486
Operating grant receipts		8,230,725	8,374,405
Rent received		10,140	42,339
Receipts from sale of publications		61,265	78,582
Interest received		1,647,585	1,181,353
Payments to suppliers and employees		(25,722,972)	(22,030,946)
Payments – CFMEU – C&G National Office		(2,173,426)	(1,721,003)
Net cash provided by operating activities	19(b)	<u>1,822,025</u>	<u>6,548,216</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(1,509,144)	(2,089,027)
Proceeds from sale of property, plant and equipment		174,910	2,123,712
Proceeds from sale of investment properties		385,704	4,346,061
Proceeds from matured investments		1,500,000	1,345,000
Payment for investments		(1,689,762)	(10,987,137)
Net cash used in investing activities		<u>(1,138,292)</u>	<u>(5,261,391)</u>
Net increase in cash held		683,733	1,286,825
Cash and cash equivalents at beginning of financial year		<u>13,669,384</u>	<u>12,382,559</u>
Cash and cash equivalents at end of financial year	19(a)	<u>14,353,117</u>	<u>13,669,384</u>

The statement of cash flows is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

Note 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial report is for CFMEU Construction and General Division Victorian and Tasmanian Divisional Branch as an individual entity for the year ended 31 December 2014. The CFMEU is an organisation committed to providing a broad range of services to members and defending their rights. The registered office and principal place of operation is 500 Swanston Street, Melbourne, Victoria and 33A New Town Road, New Town, Hobart for the Tasmanian division.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared for distribution to the members to fulfil the Executive's financial reporting requirements under the Fair Work (Registered Organisations) Act 2009. The Executive has prepared the financial report in accordance with Accounting Standards and the Australian Accounting Interpretations, and other pronouncements of the Australian Accounting Standards Board and the requirements of the Fair Work (Registered Organisations) Act 2009.

Compliance with IFRS

For the purposes of this financial report, the Union is considered to be a not-for-profit entity and as such has prepared this financial report with reference to the requirements regarding Not-For-Profits in the Australian Accounting Standards.

The financial statements were authorised for issue by the Committee of Management on the date the Committee of Management Certificate was signed.

Statement of Significant Accounting Policies

Basis of Preparation

The financial report has been prepared on the accrual basis of accounting. The historical cost basis has been used except for certain assets which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. These financial statements are presented in Australian dollars, which is the Union's functional currency. The financial report is prepared on a going concern basis.

A. Income Tax

No provision for income tax has been raised as the Union is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

B. Goods and Services Tax

Revenues, expenses and assets are recognised net of goods and services tax (GST) except:

- (a) where the GST is not recoverable from the tax office; and
- (b) for receivable and payables which are recognised inclusive of GST;

The net amount of GST receivable or payable to the tax office is included as part of receivables or payables.

C. Property, Plant and Equipment

(i) Impairment of Assets

At each reporting date the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. The Committee of Management are satisfied that the carrying amounts of assets do not exceed the net amounts that are expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the assets.

(ii) Non-Current Assets Held for Resale

Non-current assets are classified as held for resale where the sale of the asset is expected to be completed within one year from the date of the classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Property, Plant and Equipment (cont'd)

(iii) Property

Land and buildings are measured at fair value. Fair value is determined on the basis of an independent valuation prepared by external valuation experts. The fair values are recognised in the financial statements and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the statement of profit or loss and other comprehensive income to the extent of the decrease previously charged. A decrease on revaluation is charged as an expense in the profit and loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit and loss. On subsequent disposal of a revalued property the relevant revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

(iv) Plant and Equipment

Plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the Union commencing from the time the asset was held ready for use. The carrying amount of fixed assets is reviewed annually in accordance with the impairment test outlined above to ensure they are not in excess of their recoverable values.

Most depreciation is provided on a diminishing value method. 20% of assets are depreciated on a straight line basis.

Depreciation rates used are as follows:

Buildings	2.5%
Improvements	15%
Plant and Equipment	7.5 – 22.5%
Motor Vehicles	22.5%
Furniture, Fixtures and Fittings	15 – 25%
Computer Equipment	20-40%

D. Other Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs. Other financial assets are classified into the following specified categories: 'Available for Sale', 'Held to Maturity Investments' and 'Trade and Other Receivables'.

(i) Held-to-Maturity Investments

Bills of exchange are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

(ii) Trade and Other Receivables

Trade and other receivables are recorded as at cost less allowance for doubtful debts.

(iii) Available-for-sale securities

Investments are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separated component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit and loss. The fair value of investments traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Other Financial Assets (cont'd)

(iv) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of held to maturity investments and trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly to equity.

F. Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. Properties are valued by an independent valuer on a regular basis.

G. Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee entitlements consist of sick leave, annual leave, long service leave and redundancy pay which are accrued in line with employee agreements. Entitlements are unconditional and as such are recorded as current liabilities. Contributions are made by the Union to an employee superannuation fund and are charged as expenses when incurred.

H. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdrafts.

I. Trade and Other Payables

Trade payables and other accounts payables are recognised when the Union becomes obliged to make future payments resulting from the purchase of goods and services.

J. Revenue

(i) Membership Revenue

Members' subscriptions are paid bi-annually in advance and are allocated to revenue on a monthly pro rata time basis. The portion of subscriptions received, which relate to the period after the reporting date, are included in the financial statements as "deferred membership subscriptions".

(ii) Other Revenue

Other revenue is recognised when the right to receive the revenue has been established. Grants are recognised initially as deferred income and taken into income when there is reasonable assurance that they will be received and that the Union will comply with the conditions of the grant.

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Acquisition of Assets and or Liabilities

No assets and or liabilities were transferred to the Union for an amalgamation under Part 2 of Chapter 3 of the Fair Work (Registered Organisations) Act 2009; or a restructure of the branches of the Union; or a determination by the General Manager under subsections 245(1) of the Fair Work (Registered Organisations) Act 2009; or a revocation by the General Manager under subsection 249(1) of the Fair Work (Registered Organisations) Act 2009.

L. Information to be Provided to Members or Registrar

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Chapter 8, Part 3, Division 7, Section 272 which read as follows:

- (1) A member of a reporting unit, or the General Manager, 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) An 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).

M. New Accounting Standards and Interpretations

The Union has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current reporting period. The adoption of these amendments has not resulted in any changes to the Union's accounting policies and have no effect on the amounts reported for the current or prior periods.

N. Critical Accounting Estimates

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Union's accounting policies. Other than that disclosed in Note E (iv) Impairment of financial assets, management does not consider that any of the judgements or estimations adopted have had a significant impact on the financial report.

O. Going Concern

The Union is not reliant on any financial support from other reporting unit to continue on a going concern basis.

The Union has not agreed to provide any financial support other reporting unit to ensure they can continue on a going concern basis.

P. Amendments to Published Financial Report

The financial statements previously authorised for issue by the Committee of Management on 23 April 2015 has been amended upon request by the Fair Work Commission on 16 June 2015 to comply with Reporting Guidelines (RG) made under section 255 of the Fair Work (Registered Organisations) Act 2009.

As a result, the following notes to the financial report were amended to include matters which were not applicable to the Union or additional line items with nil values and to provide further details to existing expense items.

- Note 1(O) – Going Concern
- Note 1(K) – Acquisition of Assets or Liabilities
- Note 3 – Revenue
- Note 4 - Items Included in Surplus
- Note 5 – Trade and Other Receivables
- Note 9 – Payables
- Note 17 – Remuneration and Retirement Benefits
- Note 19(a) – Cash Flow Information

The Union's procedures on subsequent events are restricted solely to the amendment of the financial report as described above.

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Note 2

RESTATEMENT OF COMPARATIVES

Management identified that the methodology in use to recognise membership subscriptions (cash basis) was inconsistent with the approach taken by The Construction, Forestry, Mining and Energy Union Construction and General Division National Office ("National Office"). The Committee Members have determined that it is appropriate for the Union to recognise membership subscription revenue over the period for which membership services are provided. As a result, a restatement has been made to reflect all membership subscriptions for the unearned portion of the October to March term of membership from 1 January 2013.

The change in accounting policy has resulted in deferred membership subscriptions being understated and membership subscription income being overstated. Extracts (being only those line items affected) are disclosed below:

Statement of profit or loss and other comprehensive income

	2013		2013
	\$		\$
Extract	Reported	Adjustment	Restated
Revenue			
Membership subscriptions	17,721,716	70,859	17,792,575
Net Surplus	8,004,273	70,859	8,075,132
Other Comprehensive Income	525,857	-	525,857
Total comprehensive Income for the year	<u>8,530,130</u>	<u>70,859</u>	<u>8,600,989</u>

Statement of financial position at the beginning of the earliest comparative period

	1 January 2013		1 January 2013
	\$		\$
Extract	Reported	Adjustment	Restated
Current liabilities			
Deferred membership subscriptions	-	3,903,150	3,903,150
Total current liabilities	<u>10,203,201</u>	<u>3,903,150</u>	<u>14,106,351</u>
Total liabilities	<u>10,203,201</u>	<u>3,903,150</u>	<u>14,106,351</u>
Net assets	<u>51,931,494</u>	<u>(3,903,150)</u>	<u>48,028,344</u>
Members' Funds			
Accumulated Members Funds	<u>48,668,659</u>	<u>(3,903,150)</u>	<u>44,765,509</u>
Total Members' Funds	<u>51,931,494</u>	<u>(3,903,150)</u>	<u>48,028,344</u>

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RESTATEMENT OF COMPARATIVES (CONT'D)

Statement of financial position at the end of the earliest comparative period

Extract	31 December 2013		31 December 2013
	\$ Reported	Adjustment	\$ Restated
Current liabilities			
Deferred membership subscriptions	-	3,832,291	3,832,291
Total current liabilities	<u>10,969,529</u>	<u>3,832,291</u>	<u>14,801,820</u>
 Total liabilities	 <u>10,969,529</u>	 <u>3,832,291</u>	 <u>14,801,820</u>
 Net assets	 <u>59,451,611</u>	 <u>(3,832,291)</u>	 <u>55,619,320</u>
 Members' Funds			
Accumulated Members Funds	<u>56,672,932</u>	<u>(3,832,291)</u>	<u>52,840,641</u>
 Total Members' Funds	 <u>59,451,611</u>	 <u>(3,832,291)</u>	 <u>55,619,320</u>

	2014 \$	2013 \$
3 REVENUE		
Operating Activities		
Membership subscriptions	16,550,983	17,792,575
Membership levies – CFMEU	204,490	-
Membership levies – CFMEU – C&G National Office	204,499	-
Interest received	1,603,118	1,159,052
Grant income	7,582,393	7,505,207
Rental income from investment properties	9,218	38,490
Training fees received	352,651	372,598
EBA processing fee	84,544	181,361
Gain on disposal of investment properties	-	2,181,734
Gain on disposal of property, plant and equipment	-	1,274,391
Donations	65	-
Other revenue	739,857	867,005
Other financial support received	-	-
	<u>27,331,818</u>	<u>31,372,413</u>

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	2014 \$	2013 \$
4 ITEMS INCLUDED IN SURPLUS		
Surplus has been determined after charging as expenses:		
Depreciation of property, plant and equipment	1,232,087	1,243,610
Direct operating expense related to investment properties	1,134	105,718
Capitation fees – CFMEU – C&G National Office	1,861,067	1,557,071
Membership levies – CFMEU – C&G National Office	310,818	-
Consultancy fees	284,865	114,858
Loss on disposal of non-current assets	152,847	-
Proceeds from sale of plant and equipment	174,910	6,469,773
Meeting of members or council expenses (including room hire)	96,047	77,703
Grants	-	-
Penalties imposed by the Fair Work (Registered Organisations) Act 2009	-	-
Expenses related to payroll deductions of membership subscriptions	-	-
Conferences and meetings attendance fees or allowances	-	-
Affiliation fees		
ALP Tasmanian Branch	2,208	759
Australia Asia Workers Links	1,000	1,180
Australian Labour Party	127,585	126,571
Ballarat Trades Hall	2,081	2,081
Bendigo Trades Hall Council	370	370
Community Radio Federation Ltd	3,057	2,976
Geelong Trades Hall Council	10,644	9,520
Goulburn Valley Trades & Labour	720	540
North East & Border Trades & Labour	-	330
South West Trades & Labour	1,053	1,053
Sunraysia Trades & Labour Council	818	491
Victorian Trades Hall Council	154,047	149,531
Campaign for the Intern Co-Operation	300	-
Tasmanian Trades and Labour Council	2,002	3,930
Gippsland Trades and Labour Council	4,714	4,551
	310,599	303,883
Donations		
- Less than \$1,000	10,363	2,029
- Greater than \$1,000	142,775	49,850
	153,138	51,879
Legal fees		
- Litigation	2,175,870	2,059,285
- Other	84,227	-
	2,260,097	2,059,285

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	2014 \$	2013 \$
4 ITEMS INCLUDED IN SURPLUS (CONT'D)		
Employee benefits – office holders		
Wages and salaries	3,129,317	2,625,187
Superannuation	348,094	368,815
Leave entitlements	(33,631)	580,891
Seperation and redundancies	193,874	235,859
Other	-	-
	<u>3,637,654</u>	<u>3,810,752</u>
Employee benefits – office employees		
Wages and salaries	6,199,301	6,996,824
Superannuation	955,103	518,157
Leave entitlements	413,189	(199,454)
Seperation and redundancies	465,100	62,680
Other	50,347	23,264
	<u>8,083,040</u>	<u>7,401,471</u>
Remuneration of the auditors:		
Audit of financial report		
Current year	51,000	48,500
Prior year	5,000	3,600
Grant and other audits	18,800	13,100
Other services	2,020	-
	<u>76,820</u>	<u>65,200</u>
5 TRADE AND OTHER RECEIVABLES		
Other debtors	299,087	614,587
Accrued income	1,335,132	1,043,073
Prepayment	594,362	585,968
GST receivable	42,824	-
Other reporting unit	-	-
	<u>2,271,405</u>	<u>2,243,628</u>

The carrying amount of accounts receivable approximates fair value. There are no balances within receivables that contain assets that are past due but not impaired. It is expected that these balances will be received when due.

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	2014 \$	2013 \$
6 OTHER FINANCIAL ASSETS		
Current		
Available-for-sale investments at fair value	6,859,577	5,303,349
Held to maturity term deposit	<u>21,000,000</u>	<u>22,500,000</u>
	<u>27,859,577</u>	<u>27,803,349</u>
Non Current		
Unlisted trusts at cost	1,682	1,682
Held to maturity investments at amortised cost	-	2,000,000
Allowance for impairment of held to maturity investments	-	<u>(2,000,000)</u>
	-	-
	<u>1,682</u>	<u>1,682</u>
7 INVESTMENT PROPERTIES		
Freehold land at fair value	<u>1,100,000</u>	<u>1,100,000</u>

The Union engages independent valuer, Charter Keck Cramer, to determine the fair value of its freehold land and buildings. Fair value is the amount for which the asset would be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Union, and to market based yields for comparable properties. The effective date of the revaluation was 31 December, 2012. Refer to Note 16 for further details.

Movement in carrying amounts

Movements in the carrying amounts of each class of investment properties between the beginning and the end of the current financial year:

	Land	Building	Total
2014			
Carrying amount at the beginning of the year	<u>1,100,000</u>	-	<u>1,100,000</u>
Carrying amount at the end of the year	<u>1,100,000</u>	-	<u>1,100,000</u>
2013			
Carrying amount at the beginning of the year	2,810,000	463,648	3,273,648
Disposals	<u>(1,710,000)</u>	<u>(463,648)</u>	<u>(2,173,648)</u>
Carrying amount at the end of the year	<u>1,100,000</u>	-	<u>1,100,000</u>

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	2014 \$	2013 \$
8 PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at fair value	13,739,625	13,739,625
	<u>13,739,625</u>	<u>13,739,625</u>
Buildings at fair value	6,676,774	6,676,774
Less: Accumulated depreciation	(354,728)	(177,273)
	<u>6,322,046</u>	<u>6,499,501</u>
Improvement at cost	1,393,550	1,348,835
Less: Accumulated depreciation	(68,297)	(33,654)
	<u>1,325,253</u>	<u>1,315,181</u>
Total land and buildings	<u>21,386,924</u>	<u>21,554,307</u>
<p>The revaluations of land and buildings were based on the assessment of their current market value, subject to vacant possession. The independent revaluations dated were carried out by Certified Practising Valuer, Charter Keck Cramer. The valuations were made in accordance with a regular policy of obtaining independent valuation of land and buildings a maximum of every three years or as required to ensure that requirements of accounting standards regarding fair value basis of valuation are met. The effective date of the revaluation was 31 December, 2012. Refer to Note 16 for further details.</p>		
Plant and Equipment		
Plant and equipment	589,839	518,288
Less: Accumulated depreciation	(402,882)	(374,499)
	<u>186,957</u>	<u>143,789</u>
Training equipment	4,683,920	4,059,833
Less: Accumulated depreciation	(2,603,023)	(2,072,299)
	<u>2,080,897</u>	<u>1,987,534</u>
Computer equipment	1,061,925	897,634
Less: Accumulated depreciation	(859,826)	(755,364)
	<u>202,099</u>	<u>142,270</u>
Furniture and fittings	846,638	843,118
Less: Accumulated depreciation	(605,030)	(561,503)
	<u>241,608</u>	<u>281,615</u>
Motor vehicles	2,335,243	2,491,753
Less: Accumulated depreciation	(881,331)	(998,171)
	<u>1,453,912</u>	<u>1,493,582</u>
Total plant and equipment	<u>4,165,473</u>	<u>4,048,790</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>25,552,397</u>	<u>25,603,097</u>

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8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Movement in carrying amounts

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the financial year

2014

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the year	20,239,126	1,315,181	143,789	1,987,534
Additions	-	44,715	71,551	624,087
Disposals	-	-	-	-
Depreciation expense	(177,455)	(34,643)	(28,383)	(530,724)
Carrying amount at the end of the year	20,061,671	1,325,253	186,957	2,080,897

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	1,493,582	281,615	142,270	25,603,097
Additions	600,980	3,520	164,291	1,509,144
Disposals	(327,757)	-	-	(327,757)
Depreciation expense	(312,893)	(43,527)	(104,462)	(1,232,087)
Carrying amount at the end of the year	1,453,912	241,608	202,099	25,552,397

2013

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the year	22,113,899	32,067	173,161	2,401,714
Additions	-	1,318,177	-	144,612
Disposals	(1,690,678)	(926)	(3,571)	(11,517)
Depreciation expense	(184,095)	(34,137)	(25,801)	(547,275)
Carrying amount at the end of the year	20,239,126	1,315,181	143,789	1,987,534

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	1,418,411	309,756	162,604	26,611,612
Additions	546,015	21,360	58,863	2,089,027
Disposals	(142,809)	(252)	(4,179)	(1,853,932)
Depreciation expense	(328,035)	(49,249)	(75,018)	(1,243,610)
Carrying amount at the end of the year	1,493,582	281,615	142,270	25,603,097

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	2014 \$	2013 \$
9 PAYABLES		
Trade creditors	603,648	559,643
Sundry creditors and accruals	652,967	375,930
GST payables	-	1,362,272
Accrued legal expenses	-	1,554,157
Other reporting unit	-	-
Payables in relation to payroll deductions of membership subscriptions	-	-
	1,256,615	3,852,002

The carrying amount of accounts payable approximates fair value.

10 DEFERRED MEMBERSHIP SUBSCRIPTIONS		
Deferred membership subscriptions	3,521,666	3,832,291

11 PROVISIONS		
Provision for employee entitlements:		
Provision for annual leave – Office Holders	569,250	604,798
Provision for annual leave – Other Employees	1,157,731	1,067,554
Provision for sick leave – Office Holders	99,795	84,813
Provision for sick leave – Other Employees	179,700	164,637
Provision for long service leave – Office Holders	643,387	610,464
Provision for long service leave – Other Employees	1,199,121	1,069,974
Provision for redundancy – Office Holders	1,494,397	1,540,387
Provision for redundancy – Other Employees	2,153,703	1,974,900
TOTAL PROVISIONS	7,497,084	7,117,527

Movement in carrying amount of provision for legal settlement

Opening balance	-	2,000,000
Amount paid / payable	-	(2,000,000)
Closing balance	-	-

12 RELATED PARTY TRANSACTIONS

CFMEU – Construction and General Division National Office

Capitation fees are paid to the National Office as disclosed in Note 3 as a percentage of membership income and the minimum membership rate as set by the National Office.

Building Industry 2000 Plus Pty Ltd

-Transfer of proceeds to Building Industry 2000 Pty Ltd for sales made	(98,916)	-
- Sponsorship of Grand Final Breakfast	(5,000)	-
- Proceeds for transfer of Union merchandise to related party	-	129,599
- Commission received from related party	10,088	8,236
	(93,828)	137,835

Building Industry 2000 Plus Pty Ltd ("BI2000PPL") is a public company limited by guarantee of which two current DBMC officials (Mr Ralph Edwards and Mr John Setka) are acting in the capacity of directors as well as being members of the company. In the prior year the CFMEU sold its stock of union branded merchandise to BI2000PPL. Since that time the CFMEU has been selling merchandise on behalf of BI2000PPL and has made payments to transfer proceeds of sales of merchandise. The CFMEU receives a monthly commission for administrative services provided to manage the sale of inventories on behalf of BI2000PPL. The commission is calculated based on 10% of monthly sales.

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13 EVENTS SUBSEQUENT TO BALANCE DATE

No events or circumstances other than those disclosed 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 affair of the Union in future financial years.

14 CONTINGENT LIABILITY

The Union is currently being reviewed under the Royal Commission into trade union governance. The investigations are ongoing and no final findings have been made at the date of this financial report. The financial impact of the current Royal Commission cannot be determined at his time.

As noted in prior years, a number of legal matters in relation to Grocon Pty Ltd are at issue. In particular a Supreme Court damages claim seeking to recover from the Union losses which it alleges amount to about \$10.5 million. Also the legal matters in relation to damages claim brought on by Boral Limited are ongoing. The claims in relation to these ongoing legal matters are not yet determined and it is not practical to estimate the potential effect of the claims.

As noted in prior years, the legal action taken by a company against the Union has been discontinued by the plaintiff. We note that discontinuance in 2003 does not prevent the plaintiff from instituting new proceedings about the claim. The claim will only be extinguished by the plaintiff signing a release or by the expiration of the limitation period.

	2014 \$	2013 \$
15 FINANCIAL INSTRUMENTS		
Financial Risk Management Objectives and Policies		
The Union's principal financial instruments comprise of receivables, payables, cash and various forms of investments, including bank notes, CDO'S and equity funds. The Union manages its exposure to key financial risks in accordance with the Union's financial risk management policy. The objective of the policy is to support the delivery of the Union's financial targets whilst protecting future financial security.		
The main risks arising from the Union's financial instruments are interest rate and credit risk. The Union uses different methods to measure and manage different types of risks to which it is exposed. The Investment Committee and Executive Committee on behalf of the DBMC reviews and manages the policies and risks facing the Union, including review of policies for trading in investments, proportions of investments held and future cash flow forecast projections.		
Risk Exposures and Response		
Financial assets		
Cash and cash equivalents	14,353,117	13,669,384
Trade and other receivables	2,271,405	2,243,628
Held to maturity term deposits	21,000,000	22,500,000
Unlisted trusts at cost	1,682	1,682
Available-for-sale investments at fair value	6,859,577	5,303,349
Total financial assets	44,485,781	43,718,043
Financial Liabilities		
Trade and other payables	1,256,615	3,852,002
Total financial liabilities	1,256,615	3,852,002
Net exposure	43,229,166	39,866,041

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2014
\$ **2013**
\$

15 FINANCIAL INSTRUMENTS (CONT'D)

Credit Risk

Credit risk arises from the financial assets of the Union, which comprise cash and cash equivalents, trade and other receivables, investments and available-for-sale financial assets. The Union's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is disclosed in each applicable note.

For the remaining financial assets there is no significant concentration of credit risk within the Union and financial instruments are spread amongst a number of reputable financial institutions to minimise the risk of default of counterparties.

Foreign Currency Risk

Both the functional and presentation currency of CFMEU is in Australian dollars (A\$).

The Union's exposure to foreign currency risk is minimal.

Interest Rate Risk

Exposure to market interest rates, primarily to cash investments held. At balance date, Union had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges.

The Union's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Maturing in	1 month or less	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Non- interest bearing	Total	Weighted average effective interest rate
	\$	\$	\$	\$	\$	\$	%
2014							
Financial assets							
Cash	4,849,037	9,500,000	-	-	4,080	14,353,117	2.59
Trade and other receivables	-	-	-	-	2,271,405	2,271,405	-
Investments	4,000,000	6,000,000	11,000,000	-	6,861,259	27,861,259	3.62
	<u>8,849,037</u>	<u>15,500,000</u>	<u>11,000,000</u>	<u>-</u>	<u>9,136,744</u>	<u>44,485,781</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	1,256,615	1,256,615	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,256,615</u>	<u>1,256,615</u>	<u>-</u>
2013							
Financial assets							
Cash	13,665,304	-	-	-	4,080	13,669,384	3.00
Trade and other receivables	-	-	-	-	2,243,628	2,243,628	-
Investments	2,000,000	6,500,000	14,000,000	-	5,305,031	27,805,031	4.00
	<u>15,665,304</u>	<u>6,500,000</u>	<u>14,000,000</u>	<u>-</u>	<u>7,552,739</u>	<u>43,718,043</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	3,852,002	3,852,002	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,852,002</u>	<u>3,852,002</u>	<u>-</u>

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15 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 31 December 2014, if interest rates had moved, as illustrated in table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Net profit		Net assets	
	2014	2013	2014	2013
	\$	\$	\$	\$
+ 1% (100 basis points)	316,573	264,865	316,573	264,865
- 0.5% (50 basis points)	(158,287)	(132,433)	(158,287)	(132,433)

16 FAIR VALUE MEASUREMENTS

The group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Available-for-sale financial assets
- Land and buildings
- Investment properties

The fair value hierarchy consists of the following levels:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - inputs for asset or liability values that are not based on observable market data (unobservable inputs).

The following presents the Union's assets and liabilities measured and recognised at fair value at 31 December 2014

2014	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale financial assets (Note 6)				
- Units held in Australian Council of Trade Unions (ACTU)	-	-	1,682	1,682
- Investments in managed investment schemes	-	6,859,577	-	6,859,577
	-	6,859,577	1,682	6,861,259
Non-financial assets				
Investment properties (Note 7)	-	-	1,100,000	1,100,000
Land and building (Note 8)	-	-	20,061,671	20,061,671
	-	-	21,161,671	21,161,671
2013				
Financial assets				
Available for sale financial assets (Note 6)				
- Units held in Australian Council of Trade Unions (ACTU)	-	-	1,682	1,682
- Investments in managed investment schemes	-	5,303,349	-	5,303,349
	-	5,303,349	1,682	5,305,031
Non-financial assets				
Investment properties (Note 7)	-	1,100,000	-	1,100,000
Land and building (Note 8)	-	20,239,126	-	20,239,126
	-	21,399,126	-	21,399,126

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

16 FAIR VALUE MEASUREMENTS (CONT'D)

	2014 \$	2013 \$
Reconciliation of Level 3 fair value movements		
Financial assets		
Carrying amount at the beginning of the year	1,682	1,682
Carrying amount at the end of the year	1,682	1,682
Non-financial assets		
Investment properties		
Carrying amount at the beginning of the year	-	-
Transfer in from Level 2	1,100,000	-
Carrying amount at the end of the year	1,100,000	-
Land and building		
Carrying amount at the beginning of the year	-	-
Amortisation for the year	(177,455)	-
Transfer in from Level 2	20,239,126	-
Carrying amount at the end of the year	20,061,671	-

Valuation techniques used to derive level 2 and level 3 fair values

(a) Recurring fair value measurement

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

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

Specific valuation techniques used to value financial instruments include:

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

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities which is not considered material.

For its investment properties and freehold land and buildings (classified as property, plant and equipment), the Union obtains independent valuations at least every three years. At the end of each reporting period, the committee members update their assessment of the fair value of each property, taking into account the most recent independent valuations. The committee members determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the committee members consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3. The level 3 fair value of land and buildings has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

16 FAIR VALUE MEASUREMENTS (CONT'D)

Description	Fair value at 31 December 2014	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
<u>Investment properties</u>				
76 Great Ocean Road	\$1,100,000	Indicative land value based on recent sales of properties of similar size in similar locality	Land value rates per square metre (p.s.m)	1% change in land value rate p.s.m would increase / decrease fair value by \$11,000
<u>Freehold land and building</u>				
500 Swanston Street	\$7,047,128	Recent sales of comparable office buildings from within the general precinct taking into consideration of the variance attributes of the subject unit	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$70,471
78 Fyans Street	\$400,000	Direct sales comparison approach having regard to recent sales of comparable development sites from within the general precinct taking into consideration exposure to passing traffic, potential for redevelopment and other factors	Land value rates per square metre	1% change in land value rate p.s.m would increase / decrease fair value by \$4,000
80 Fyans Street	\$400,000			1% change in land value rate p.s.m would increase / decrease fair value by \$4,000
4/31 Sabre Drive, Port Melbourne, Victoria	\$919,148	Recent sales of comparable warehouse units taking into consideration of the variance attributes of the subject unit.	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$9,191
8/41 Sabre Drive, Port Melbourne, Victoria	\$820,014	Reversionary yield of approximately 7.5% based on an assessed market rent		1 % change in building value rate p.s.m would increase / decrease fair value by \$8,200
9/41 Sabre Drive, Port Melbourne, Victoria	\$820,548			1 % change in building value rate p.s.m would increase / decrease fair value by \$8,205
10/41 Sabre Drive, Port Melbourne, Victoria	\$819,210			1 % change in building value rate p.s.m would increase / decrease fair value by \$8,192

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

16 FAIR VALUE MEASUREMENTS (CONT'D)

Description	Fair value at 31 December 2014	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
<u>Freehold land and building</u>				
1-7 Wharf Road, Port Melbourne, Victoria	\$6,098,123	Recent sales of comparable industrial zoned development sites from within the surrounding precinct taking into consideration of the variance attributes of the subject unit	Land value rates per square metre	1% change in land value rate p.s.m would increase / decrease fair value by \$60,981
11 Wharf Road, Port Melbourne, Victoria	\$2,400,000		Building value rates per square metre	1% change in land value rate p.s.m would increase / decrease fair value by \$24,000
33A New Town Road, New Town, Tasmania	\$337,500	Recent sales of comparable office buildings from within the general precinct taking into consideration of the variance attributes of the subject unit	Building value rates per square metre	1% change in land value rate p.s.m would increase / decrease fair value by \$3,375

	2014 \$	2013 \$
17 REMUNERATION AND RETIREMENT BENEFITS		
Short-term employee benefits	2,110,480	1,645,242
Post employment benefits	294,993	230,654
Termination benefits	84,028	60,110
	<u>2,489,501</u>	<u>1,936,006</u>

The names of the Division Branch Management Committee who were elected and held office during the financial year are:

Akbari F	Balta S	Berardi D*	Beattie B
Bergic S	Booth P	Booth R	Christopher D
Cody M	Cordier A	Constantinou J	Cracknell D
Doyle F	Duggan J	Edwards R	Ioannidis A
Long S	Lythgo D	Perkovic J	Raspudic R
Reardon S	Round P	Savronidis C	Setka J
Spernovasilis E	Stephenson G	Stradjot F	Theodorou T
Washington N	Williams R	White B	

* terminated 27 January 2014

18 UNION DETAILS

The principal place of business of the Union is:
CFMEU Construction and General Division (Victorian and Tasmanian Branch)
500 Swanston Street
CARLTON SOUTH VIC 3053

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 \$	2013 \$
19 CASH FLOW INFORMATION		
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	4,080	4,080
Cash at bank	4,849,037	5,665,304
Short-term term deposits	9,500,000	8,000,000
	14,353,117	13,669,384
Fund / account operated in respect to compulsory levies or voluntary contributions is nil (2013: nil).		
Training unit account operated (other than general fund) for the purpose of receiving grants and other training fees is \$165,536 (2013:115,274).		
Transfers or withdrawals to a fund, account or controlled entity operated for a special purpose is nil (2013: nil)		
(b) Reconciliation of cash flow from operations surplus		
Net (deficit)/surplus	2,982,143	8,075,132
Depreciation	1,232,087	1,243,610
Loss/(gain) on disposal of property, plant & equipment	152,847	(1,274,391)
Gain on disposal of investment properties	-	(2,181,734)
Loss sale of financial asset	9,180	3,919
Loss on revaluation of investment properties	-	351,041
Increase in trade and other receivables	(27,777)	(42,304)
Decrease in inventories	-	28,515
(Decrease) / increase in trade and other payables	(2,595,387)	2,384,890
Decrease in deferred membership subscriptions	(310,625)	(421,900)
Increase / (decrease) in provisions	379,557	(1,618,562)
Net cash provided from operating activities	1,822,025	6,548,216

INDEPENDENT AUDITOR'S REPORT

To the members of the Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch

Report on the Financial Report

We have audited the accompanying financial report of the Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch, which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Divisional Branch Management Committee declaration.

Office Holders' Responsibility for the financial report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Divisional Branch Management Committee, as well as evaluating the overall presentation of the financial report.

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

Independence

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



Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, the *Fair Work (Registered Organisations) Act 2009* and the reporting guidelines of the General Manager.

Other matter

Without modifying our opinion, we draw attention to Note 1(P) in the financial report, which indicates that the financial statements previously authorised for issue by the Committee of Management on 23 April 2015 has been amended upon request by the Fair Work Commission on 16 June 2015 to comply with the Reporting Guidelines (RG) made under section 255 of the Fair Work (Registered Organisations) Act 2009.

Our procedures on subsequent events are restricted solely to the amendment of the financial report as described in Note 1(P) to the financial report.

Use of Going Concern Assumption

As part of our audit of the financial report, we have concluded that managements use of the going concern assumption as set out in Note 1 in the preparation of the financial statements is appropriate. Because not all future events or conditions can be predicted, this statement is not a guarantee as to the entity's ability to continue as a going concern.

Declaration by the auditor

I, James Mooney, declare the following:

- i. I am a registered auditor;
- ii. I am a member of the Institute of Chartered Accountants in Australia; and
- iii. I hold a current Public Practice Certificate.

BDO East Coast Partnership

James Mooney

Partner

Registered company auditor #311052

Melbourne, 21 July 2015


**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN AND TASMANIAN DIVISIONAL BRANCH
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

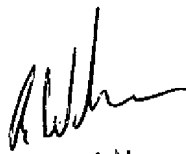
On the 21 July 2015, the Divisional Branch Management Committee of the Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch ("the reporting unit") passed the following resolution in relation to the general purpose financial report ("GPFR") for the year ended 31 December 2014:

The Divisional Branch Management Committee declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (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 committee 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 Fair Work (Registered Organisations) Act 2009; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

Signature: 
Name: SHAWN REARDON
Position: DBMC Member

Signature: 
Name: Roy Williams
Position: DBMC Member

Dated: 21 July 2015

From: [Edith Harris](#)
To: [KELLETT, Stephen](#)
Cc: [Ralph Edwards](#); [James Mooney](#)
Subject: confirmation
Date: Wednesday, 17 June 2015 4:04:51 PM
Importance: High

Hi Stephen,

RE: Lodgement of Financial Statements and Accounts- Construction, Forestry, Mining and Energy Union, Construction and General Division, Victoria-Tasmania Branch for year ended 31 December 2014 (FR2014/467)

I would like to confirm with you, our conversation today.

You advised that we don't need to organise an extension of time to lodge our accounts because they have been received by Fair Work on the 26th of May being within the time frame as prescribed by the Act. You do require us however, to address the matters identified in your letter dated the 16th of June, 2015.

We plan to send the amended report to our next committee meeting being on the 21st of July, 2015, then publish the accounts and forward them to Fair Work as soon as practicable after that date.

Regards

*Edith Harris CA
Finance Manager
CFMEU Construction and General Division, Vic/Tas Divisional Branch
500 Swanston Street
Carlton South Vic 3053
Ph: 9341 3456 Fax: 9341 3427 email: edithh@vic.cfmeu.asn.au*

From: KELLETT, Stephen
To: ["Edith Harris"](#)
Subject: Financial reporting - y/e 31 Dec 2014 - amendments required
Date: Tuesday, 16 June 2015 8:38:00 AM
Attachments: [CFMEU VTAS FR2014 467 \(1\).pdf](#)
[FR2013-500 \(2\) letter.pdf](#)
[s253-Reporting-Guidelines-4th-edition \(2014\).pdf](#)

Dear Edith,

Please see attached my letter, addressed to the President, in relation to the above. For your convenient reference I also attach a copy of the letter from FWC in relation to the previous report, and a copy of the relevant Reporting Guidelines.

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
FAIR WORK COMMISSION

80 William Street
EAST SYDNEY NSW 2011

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



FAIR WORK
COMMISSION

16 June 2015

Mr Ralph Edwards
President, Victoria- Tasmania Branch
Construction & General Division
Construction, Forestry, Mining and Energy Union
500 Swanston Street
CARLTON SOUTH VIC 3053

sent to: edithh@vic.cfmeu.asn.au

Dear Mr Edwards

Re: Lodgement of Financial Statements and Accounts - Construction, Forestry, Mining and Energy Union, Construction and General Division, Victoria-Tasmania Branch - for year ended 31 December 2014 (FR2014/467)

I acknowledge receipt of the above financial report. The report was lodged with the Fair Work Commission on 26 May 2015.

The financial report has not been filed. I have examined the financial report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed.

Non compliance with previous request

While we filed last year's financial report, we raised various issues for the reporting unit to address in the preparation of future financial reports. I note that some of the same errors appeared in the 2014 report, namely,

- (i) not reporting employee benefits expenses by the categories¹ set out in Reporting Guidelines 16(f)(i)-(v) and 16(g)(i)-(v);
- (ii) not including disclosures related to key management personnel compensation in accordance with AASB 124;
- (iii) not specifying the date of resolution of the committee from the Committee of Management Statement, as required by Reporting Guideline 36(b).

The Fair Work Commission aims to assist reporting units in complying with their obligations under the RO Act and Reporting Guidelines, by providing advice about errors identified in financial reports. Failure to address issues may lead to the General Manager exercising her powers under section 330 of the RO Act.

¹ i.e. (i) wages and salaries; (ii) superannuation; (iii) leave entitlements; (iv) separation/redundancy; (v) other, for both "office-holders" and "other employees"

The documents will therefore require amendment. The amended report(s) must be re-presented to a meeting of the Branch committee, republished on the organisation's website and lodged with FWC at the earliest practicable opportunity.

The matters identified should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), Reporting Guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards. A 'Model financial statements' is also available on the FWC website to assist organisations in preparing returns.

Other issues

The amended report(s) should incorporate any additional amendments required to comply with reporting requirements that were not reflected in the original report. I set these out as follows:

General Purpose Financial Report - Activities under Reporting Guidelines not disclosed

Paragraphs 13, 15, 17, 19, 21, 23 and 25 of the Reporting Guidelines state that if any activities identified in paragraphs 10, 11, 12, 14, 16, 18, 20, 22 or 24 respectively did not occur in the reporting period, a statement to this effect (or a nil balance) must be included in the notes to the GPFR. I note that for the following items no such disclosure was made:

- RG10 financial support received from another reporting unit to enable it to continue as a going concern
- RG11 financial support provided to another reporting unit to enable it to continue as a going concern basis
- RG12 an asset or liability acquired due to a restructure of the branches of an organisation, a determination under s245 or revocation by the General Manager under s249
- RG14(c) amounts of revenue raised by compulsory levies or appeals for voluntary contributions and descriptions of purpose
- RG14(d) income from donations
- RG14(e) financial support received [i.e. other than financial support mentioned in RG10, or capitation income mentioned in RG14(b)]
- RG16(a) expenses related to payroll deductions of membership subscriptions
- RG16(d) amounts paid in expense for compulsory levies imposed or voluntary contributions
- RG16(e) total amounts paid in (i) grants \$1,000 or less, and (ii) greater than \$1,000, and (iii) donations \$1,000 or less, and (iv) greater than \$1,000²
- RG16(h) fees or allowances paid to persons to attend conferences or other meetings as a representative of the reporting unit
- RG16(i) expenses incurred in relation to holding meetings of members or council³
- RG16(k) penalties imposed by the RO Act on the organisation
- RG18(a) receivable from another reporting unit within the organisation
- RG18(b) payable to another reporting unit within the organisation
- RG20(a) payables in relation to payroll deductions of membership subscriptions
- RG22(a) fund or account operated in respect to compulsory levies or voluntary contributions
- RG22(c) fund or account (other than General Fund) operated as required by the rules
- RG22(d) transfers or withdrawals to a fund, account or controlled entity operated for a special purpose

² The inclusion of the list of donations does not suffice because the relevant totals are not included in the general purpose financial report

³ The item "organisers, conference and consultancy expenses" does not, if it includes expenses of the kind contemplated by RG16(i) along with other kinds of expenses, satisfy this guideline.

In addition, the single figure balance for the item “Affiliation fees” does not satisfy RG16(c)(i) insofar as it does not disclose the “*name of each entity to which monies were paid*”, in accordance with RG16(c)(ii), which therefore also requires that separate amounts be disclosed where paid to separate entities.

In addition, the single figure balance for the item “Legal fees” does not satisfy RG16(j) insofar as it does not disclose separately the amounts paid in respect of litigation (RG16(j)(i)) and “other legal matters” (RG16(j)(ii)).

The notes to the financial statements should be amended to include the above disclosures.⁴

Operating Report - Trustee of superannuation entity

Subsection 254(2)(d) of the RO Act requires details of any officer or member of the reporting unit who is a trustee, or a director of a company that is a trustee, of a superannuation entity or an exempt public sector superannuation scheme, where the criterion for holding such position is that they are an officer or member of an organisation.

Where no statement is made, it is unclear whether there are none, or the Operating report has inadvertently omitted required information. If no officer or member of the reporting unit is a trustee of a superannuation entity under this condition, the preferred wording to satisfy subsection 254(2)(d) is:

‘No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation’.

The Operating Report will need to be amended accordingly.

Operating Report - Number of employees

Pursuant to subsection 254(2)(f), Regulation 159(b) requires that the number of persons that were, at the end of the financial year to which the report relates, employees of the reporting unit be disclosed in the Operating Report. Regulation 159(b) also requires that where the number of employees includes both full-time and part-time employees, the number is to be measured on a full-time equivalent basis.

The Operating Report stated that the union had 93 employees. The number of employees must be expressed as a full-time equivalent, therefore the operating report will need to be amended accordingly.

Committee of Management Statement

Recovery of wages

The accounts did not provide any information in relation to recovery of wages activity. Items 26 – 30, 35(g) and 37(b) of the Reporting Guidelines govern the financial reporting of recovery of wages activity. Item 35(f) of the Reporting Guidelines also states that ‘where the reporting unit has not derived revenue from undertaking recovery of wages activity, the Committee of Management statement must include a statement *no revenue has been derived from undertaking recovery of wages activity during the reporting period*’.

No reference is provided in the GPFR to recovery of wages activity. If there was no recovery of wages activity undertaken which derived revenue for the financial year, the committee of management statement in relation to the amended general purpose financial report must include this declaration.

⁴ Note that the non-compliance with these reporting guidelines means that the declaration made in the committee of management statement, i.e. that “*the financial reports and notes...comply with the reporting guidelines...*” is not an accurate declaration.

Other remarks

Following the enactment of the *Fair Work Amendment Act 2012*, Fair Work Australia was renamed Fair Work Commission with effect from 1 January 2013. All references to 'Fair Work Australia' in the Committee of management statement must be changed to 'Fair Work Commission'.

The reference in the declaration (a) to "applicable accounting standards" does not state the declaration in the form prescribed by Reporting Guideline 35(a).

Actions

The reporting unit should amend its Operating report and the Notes to its financial statements, and re-present an amended financial report, and make a fresh Committee of Management Statement, which comply with the above requirements. The auditor should provide a re-dated auditor's report in respect of the amended general purpose financial report. The amended reports and the new auditor statement should then be provided to members and lodged with FWC with a Designated Officer's certificate which certifies the date the amended documents were provided/made available to the members and the date the full report was presented to the committee.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6746 3283 or 0429 462 979 or by email at stephen.kellett@fwc.gov.au

Yours sincerely

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal line extending to the right.

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

From: [Edith Harris](#)
To: [KELLETT, Stephen](#)
Cc: [Ralph Edwards](#)
Subject: Certificate of prescribed designated officer
Date: Friday, 12 June 2015 1:27:54 PM
Attachments: [IGA_12_6_2015_13_21_58_608.pdf](#)

Dear Stephen,

Please find attached the corrected certification as discussed with you today.
Also please note that the publication date in the covering letter should also have read 24 April 2015.

Let me know if you need anything further from us.

Regards

Edith Harris CA
Finance Manager
CFMEU Construction and General Division ,Vic/Tas Divisional Branch
500 Swanston Street
Carlton South Vic 3053
Ph:9341 3456 Fax:9341 3427 email:edithh@vic.cfmeu.asn.au

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

From: edithh@vic.cfmeu.asn.au [<mailto:edithh@vic.cfmeu.asn.au>]
Sent: Friday, 12 June 2015 1:23 PM
To: Edith Harris
Subject: Scanned Document

Image Gateway for Apeos OCR scan to email.



Fair Work Australia
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011

CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

I, RALPH EDWARDS

Being a prescribed designated officer, certify that the documents lodged with Fair Work Australia, consisting of the general purpose financial report of the Construction and General Division of the Construction, Forestry, Mining and Energy Union Victorian/Tasmanian Branch for the year ended 31 December, 2014 are:

- Copies of the documents provided to members on our website (www.cfmeuvic.com.au) on the 24 April, 2015.
- And subsequently presented to the Divisional Branch Management Committee in accordance with the Fair Work (Registered Organisations) Act 2009 and Fair Work (Registered Organisations) Regulations 2009, on the 19 May, 2015

Ralph Edwards
President
CFMEU Construction and General Division (Victorian/Tasmanian
Divisional Branch)

VIC/TAS DIVISIONAL
BRANCH
500 SWANSTON STREET
CARLTON STH, VIC 3053

ABN 74 392 029 244
PH: (03) 9341 3444
FAX: (03) 9341 3427

Date: 12.6.2015



21 May, 2015

Fair Work Commission
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011



Dear Sir,

RE: Year ended 2014

**ACCOUNTS FOR CONSTRUCTION, FORESTRY, MINING
AND ENERGY UNION-CONSTRUCTION AND GENERAL
DIVISION BRANCH, VICTORIA-TASMANIA DIVISIONAL
BRANCH**

Please find attached our financial accounts for the year ended 31 December, 2014 passed by our Divisional Branch Management Committee on Tuesday April 21, 2015.

These accounts were published on our website

www.cfmeuvic.com.au

on the 22 April, 2015.

The accounts were then represented to the Divisional Branch Management Committee on Tuesday May 19, 2015.

Also attached is a required list of donations.

Should you need any further information please contact Edith Harris on 03 9341 3456 or edithh@vic.cfmeu.asn.au.

Yours faithfully

Ralph Edwards
President
CFMEU Construction and General Division (Victoria Tasmania
Bran

CFMEU

**CONSTRUCTION &
GENERAL DIVISION,
VIC/TAS DIVISIONAL
BRANCH**

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14 January 2015

Mr John Setka
Divisional State Secretary
Construction, Forestry, Mining and Energy Union-Construction and General Division, Victoria-Tasmania
Divisional Branch
Sent via email: queries@vic.cfmeu.asn.au

Dear Mr Setka,

**Re: Lodgement of Financial Report - [FR2014/467]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

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

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

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

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

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

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

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

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

Yours sincerely,

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch

TIMELINE/ PLANNER

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

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

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

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