

27 August 2019

Ralph Edwards
Divisional Branch President
Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division,
Victoria-Tasmania Divisional Branch

Sent via email: <a href="mailto:queries@vic.cfmeu.asn.au">queries@vic.cfmeu.asn.au</a>
CC: <a href="mailto:james.mooney@bdo.com.au">james.mooney@bdo.com.au</a>

Dear Ralph Edwards,

Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division, Victoria-Tasmania Divisional Branch
Financial Report for the year ended 31 March 2019 – (FR2019/23)

I acknowledge receipt of the financial report of the Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division, Victoria-Tasmania Divisional Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 22 August 2019.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 March 2020 may be subject to an advanced compliance review.

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

# General purpose financial report (GPFR)

Officer's declaration statement - to include all nil activity disclosures not elsewhere disclosed

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the body of the notes:

 "Agreeing to receive financial support from another reporting unit to continue as a going concern" and "agreeing to provide financial support to another reporting unit to ensure they continue as a going concern" are disclosed in both Note 1N the officer's declaration statement;

- "Acquiring an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO
  Act, a restructure of the branches of an organisation, a determination or revocation by the
  General Manager, Fair Work Commission" is disclosed in both Note 1J and the officer's
  declaration statement;
- "Having a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch" and "transferring to or withdrawing from a fund (other than the general fund), account, asset or controlled entity" are disclosed in both Note 18(a) and the officer's declaration statement.

Please note that nil activities only need to be disclosed once.

I also note that the notes and the officer's declaration statement contained nil activity information for all prescribed RG categories except the following:

- Receiving capitation fees from another reporting unit (RG13(b));
- Receiving any other revenue from another reporting unit (RG13(b));
- Receiving revenue via compulsory levies (RG13(c));
- Paying compulsory levies (RG14(d));
- Paying other employment expenses for holders of offices (RG14(f)(v));
- Paying other employment expenses for employees (other than holders of offices) (RG14(g)(v));
- Having a liability for other employment provisions for holders of offices (RG16(c)(iv); and
- Having a liability for other employment provisions for employees (other than holders of offices) (RG16(d)(iv))

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

# Key management personnel compensation

Australian Accounting Standard AASB 124 Related Party Disclosures paragraph 17 requires the GPFR to disclose within the statements or the notes compensation paid to key management personnel.

This normally includes a listing of the key management personnel for the organisation, the total amount of compensation paid to all key management personnel, and then totals for each of the following categories:

- Short term employee benefits
- Post-employment benefits
- Other long term employee benefits
- Termination benefits
- Any share based payments.

The definition for these categories can be found within accounting standard AASB 124 paragraph 9 and AASB 119: Employee Benefits.

I note that Note 9 *Provisions* includes provisions for long service leaves for both office holders and employees however, Note 15 *Management Committee Remuneration* does not include any disclosure for *Other long term employee benefits*. Under *AASB 124* paragraph 9 other long-term employee benefits include long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensations.

Please ensure that in future years, key management personnel compensation notes are disclosed in accordance with the Australian Accounting Standard.

# Inconsistency in disclosure of financial information

The statement of changes in equity discloses a balance of accumulated Members funds of \$67,919,442 for the 2019 financial year (2018: \$64,880,849). The officer's declaration statement includes a nil disclosure in relation to a balance in the general fund. It would appear that retained earnings is the reporting unit's general fund.

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

# References to legislation and the ROC

Following the enactment of the Fair Work (Registered Organisations) Amendment Act 2016, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission and General Manager or Registrar must be changed to the Registered Organisations Commission and Commissioner except in relation to declaration (e)(vi) in the committee of management statement.

I note that items Note 1K *Information to be provided to Members or Registrar* and item (e)(v) of the committee of management statement refer to the General Manager and the Registrar instead of the Commissioner.

# **Reporting Requirements**

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

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

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

Yours sincerely,

W

**Kylie Ngo** 

**Registered Organisations Commission** 



21 August, 2019

Registered Organisations Commission **GPO Box 2983** Melbourne VIC 3001

# CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

# I, RALPH EDWARDS

Being a prescribed designated officer, certify that the documents lodged herewith to the Registered Organisations Commission, are copies of the full report of the Construction and General Division of the Construction, Forestry, Maritime, Mining and Energy Union Victorian/Tasmanian Divisional Branch for the year ended 31 March, 2019 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 17 June, 2019
- Copies of the documents were provided to members on our website on 17 June, 2019 at https://vic.cfmeu.org.au/resources/financial-reportperiod-ended-31-march-2018
- And subsequently re-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 20 August, 2019

VIC/TAS DIVISIONAL

BRANCH

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3000

ABN 74 392 029 244

PH: (03) 9341 3444

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Ralph Edwards

President

CFMEU Construction and General Division Victorian/Tasmanian Divisional Branch

Date: 20. 8. 2019

# **Edith Harris**

From: David Pavlich

**Sent:** Monday, 17 June 2019 6:30 PM

To: Edith Harris

Subject: Re: publish financial accounts for the year ended 31 March, 2019

Importance: High

Published - 2019-06-17 18:14

https://vic.cfmeu.org.au/resources/financial-report-period-ended-31-march-2019

On 17 Jun 2019, at 3:59 pm, Edith Harris < edithh@cfmeu.org > wrote:

<IGA\_17\_6\_2019\_13\_41\_50\_510.pdf>

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

FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2019

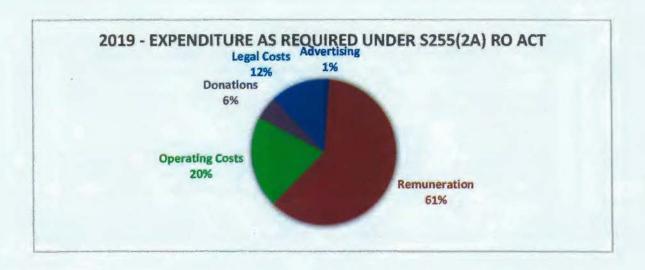
# CONTENTS

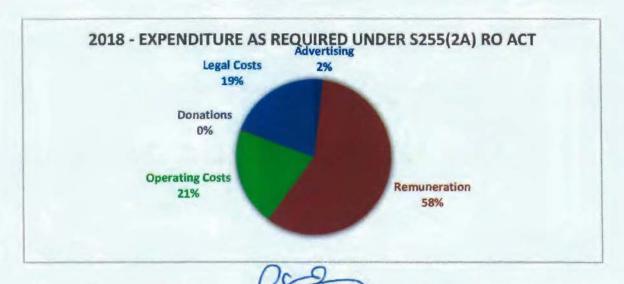
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# THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION CONSTRUCTION AND GENERAL DIVISION VICTORIAN AND TASMANIAN DIVISIONAL BRANCH REPORT REQUIRED UNDER SUBSECTION 255(2A) FOR THE YEAR ENDED 31 MARCH 2019

# REPORT REQUIRED UNDER SUBSECTION 255(2A)

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 March 2019.





Signature of designated officer:	
Name and title of designated officer;	RALPH EDWARDS
Dated:	17.6.19

# **Operating Report**

#### Introduction

The Construction, Forestry, Maritime, 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 Victoria 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 come from Enterprise Bargaining Agreement ("EBA") negotiations for good wages and conditions. The CFMEU employs organisers to help members and provides access to services such as occupational health and safety representatives, training and legal advice. The results of the Union's principal activities are that members continue to have decent wages, conditions, and access to services. The principal activities of the CFMEU have not changed during the reporting period.

# **Financial Position**

The Union 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 \$2,768,769 for the year ended 31 March 2019 (2018: \$9,773,846). The surplus for 2019 includes a gain on the sale of a property in Geelong. The surplus in 2018 was due to the sale of 500 Swanston Street property, these funds were utilised to purchase properties in Elizabeth Street.

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 will continue to monitor the Union's investments.

### **Number of Employees**

The Union had 97 full time equivalent employees (2018: 98 full time equivalent employees).

### **Number of Members**

The number of members for the year ended 31 March 2019 was 29,165 (2018: 26,796).

### **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.

# Operating Report (continued)

# Office Holders

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

Akbari F	1 April 2018 to 31 March 2019
Balta S	1 April 2018 to 31 March 2019
Beattie B	1 April 2018 to 31 March 2019
Benstead G	1 April 2018 to 31 March 2019
Booth P	1 April 2018 to 31 March 2019
Booth R	1 April 2018 to 31 March 2019
Christopher D	1 April 2018 to 31 March 2019
Cody M	1 April 2018 to 31 March 2019
Cordier A	1 April 2018 to 31 March 2019
Constantinou J	1 April 2018 to 31 March 2019
Doyle F	1 April 2018 to 31 March 2019
Edwards R	1 April 2018 to 31 March 2019
Graauwmans R	1 April 2018 to 31 March 2019
Gritzalis D	1 April 2018 to 31 March 2019
Hassett R	1 April 2018 to 31 March 2019
Harkins K	1 April 2018 to 31 March 2019
Ioannidis A	1 April 2018 to 31 March 2019
Long S	1 April 2018 to 31 March 2019
Lythgo D	1 April 2018 to 31 March 2019
Misic D	1 April 2018 to 31 March 2019
Perak J	1 April 2018 to 31 March 2019
Perkovic J	1 April 2018 to 31 March 2019
Pitt B	1 April 2018 to 31 March 2019
Raspudic R	1 April 2018 to 31 March 2019
Reardon S	1 April 2018 to 31 March 2019
Round P	1 April 2018 to 31 March 2019
Setka J	1 April 2018 to 31 March 2019
Simpson J	1 April 2018 to 31 March 2019
Spernovasilis E	1 April 2018 to 31 March 2019
Theodorou T	1 April 2018 to 31 March 2019
Zanatta L	1 April 2018 to 31 March 2019

# Signed

For and on behalf of the Divisional Branch Management Committee

Dated

17.6.19

Ralph Edwards

# THE CONSTRUCTION, FORESTRY, MARITIME, 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 MARCH 2019

	Note	31 March 2019 \$	31 March 2018 \$
Revenue	2	35,010,230	30,238,248
.ess expenses:			
Capitation, affiliation, and amalgamation		2,332,674	2,077,803
National Union office campaigns		459,923	827,332
Depreciation		1,627,447	1,142,616
Direct employee benefits – office holders	3	4,102,036	4,167,383
Direct employee benefits - office employees	3	11,362,062	10,564,440
Employee related costs (payroll tax, FBT)		2,056,575	1,927,403
lournal costs		243,867	43,055
egal costs	3	3,403,950	5,522,384
oss on disposal of plant and equipment		129,438	200,694
Occupancy		1,573,865	2,025,162
Office and administration		2,399,108	2,705,502
Donations	3	1,634,183	145,807
Promotional costs		361,164	568,737
Other expenses		1,136,679	1,203,224
		32,822,971	33,121,542
Surplus/(Deficit) from operational activities		2,187,259	(2,883,293)
Other Income	2	581,510	12,657,140
Net Surplus		2,768,769	9,773,846
Other Comprehensive Income			
tems that will not be subsequently reclassified to profit or loss			
Revaluation of land and buildings		502,409	
Net loss on financial assets at fair value through other comprehensive income		(137,037)	(39,311)
Total comprehensive income for the year		3,134,141	9,734,535

# THE CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION CONSTRUCTION AND GENERAL DIVISION VICTORIAN AND TASMANIAN DIVISIONAL BRANCH STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	31 March 2019 \$	31 March 2018 \$
CURRENT ASSETS			
Cash and cash equivalents	18(a)	21,827,197	20,935,904
Trade and other receivables	4	1,096,836	1,487,561
Other financial assets	5	12,726,271	12,353,100
Inventory		5,750	5,750
		35,656,054	34,782,315
NON-CURRENT ASSETS			
Property, plant and equipment	6	55,583,157	55,818,240
Other financial assets	5	1,682	1,682
		55,584,839	55,819,922
TOTAL ASSETS		91,240,892	90,602,237
CURRENT LIABILITIES			
Trade and other payables	7	4,109,460	6,463,160
Deferred revenue	8	4,807,528	3,940,387
Provisions	9	10,761,088	11,770,015
TOTAL LIABILITIES		19,678,076	22,173,562
NET ASSETS		71,562,816	68,428,675
MEMBERS' FUNDS			
Accumulated members funds		67,919,441	64,880,849
Reserves		3,643,375	3,547,826
TOTAL MEMBERS' FUNDS		71,562,816	68,428,675

	Accumulated Members Funds \$	Asset Revaluation Reserve (i)	Financial Assets Reserve (ii) \$	Total \$
Balance at 31 March 2017	50,076,939	7,533,228	1,083,973	58,694,140
Surplus for the period	9,773,846	<b>→</b>		9,773,846
Other comprehensive income			(39,311)	(39,311)
Total comprehensive income	9,773,846		(39,311)	9,734,535
Transfers to Accumulated members funds	5,030,065	(5,030,065)		
Balance at 31 March 2018	64,880,849	2,503,163	1,044,662	68,428,675
Surplus for the period	2,768,769			2,768,769
Other comprehensive income	-	502,409	(137,037)	365,372
Total comprehensive income	2,768,769	502,409	(137,037)	3,134,141
Transfers to Accumulated members funds	269,823	(269,823)		
Balance at 31 March 2019	67,919,442	2,735,749	907,625	71,562,816

<sup>(</sup>i) The reserve is used to recognise increments in the fair value of land and buildings.

<sup>(</sup>ii) The reserve is used to recognise increments and decrements in the fair value of financial assets through other comprehensive income.

	Note	31 March 2019 \$	31 March 2018 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		28,355,747	24,243,593
Receipts from other reporting units	18(c)	273,090	410,207
Operating grant receipts		9,506,015	11,213,558
Rent received		743,178	86,549
Interest and dividends received		853,802	1,136,021
Payments to suppliers and employees		(34,134,821)	(25,118,110)
Payments to other reporting units	18(c)	(3,757,627)	(3,081,229)
Net cash provided by operating activities	18(b) _	1,839,384	8,890,589
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(1,950,669)	(36,951,871)
Proceeds from sale of property, plant and equipment		1,238,712	25,541,286
Net (payments to)/proceeds from investments in financial assets		(236,134)	13,071,574
Loan advance to CFMEU National Office		•	1,000,000
Net cash (used in)/provided by investing activities	-	(948,091)	2,660,989
Net increase in cash held		891,293	11,551,578
Cash and cash equivalents at beginning of financial year		20,935,904	9,384,326
Cash and cash equivalents at end of financial year	18(a)	21,827,197	20,935,904

### 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 March 2019. 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 540 Elizabeth 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.

# New or amended Accounting Standards and Interpretations adopted

### AASB 9 Financial Instruments

The Union has adopted AASB 9 from 1 April 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Union makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

### Impact of adoption

AASB 9 was adopted using the modified retrospective approach and as such, comparatives have not been restated. There was no impact on opening accumulated members funds as at 1 April 2018.

### 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.

# STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

# 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.

#### (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
 2.5-15%

 Plant and Equipment
 7.5 – 22.5%

 Motor Vehicles
 18.75%

 Furniture, Fixtures and Fittings
 15 – 25%

 Computer Equipment
 20 - 40%

### D. Other Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Union has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

# (i) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The Union has applied the simplified approach to measuring expected credit losses, which uses a lifetime loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

# STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### D. Other Financial Assets (cont'd)

(ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments, which the Union intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

### (iii) Impairment of financial assets

The Union recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Union's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

#### E. Provisions

Provisions are recognised when the Union has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### F. 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.

# G. 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.

# H. 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.

# I. Revenue

The Union recognises revenue as follows:

# (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.

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

# J. 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.

# K. 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).

# L. New Accounting Standards and Interpretations

At the date of approving the financial report, the following Australian Accounting Standards and Interpretations relevant to the Union have recently been issued or amended but are not yet mandatory, have not been early adopted by the Union for the year ended 31 March 2019.

Standard/Interpretation	Effective for the annual reporting period beginning on	Expected to be initially applied in the financial year ending
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 April 2019	31 March 2020
AASB 1058 'Income of Not-For-Profit Entities'	1 April 2019	31 March 2020
AASB 16 'Leases'	1 April 2019	31 March 2020

The Union does not expect any significant amendments to the measurement or presentation as a result of the above accounting standards and interpretations.

# M. Critical Accounting Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The key estimates and assumptions which are material to the financial reports are found in the following notes:

- Impairment of financial assets (Note 1D);
- Provisions (Note 1E);
- · Employee benefits (Note 1F); and
- Fair value of land and buildings (Note 14)

# N. 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 to any other reporting unit to ensure they can continue on a going concern basis.

# O. Comparative Figures

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

2 REVENUE Operating Activities Membership subscriptions Membership levies – CFMEU – C&G National Office Interest received	22,527,578	18,644,911
Membership subscriptions  Membership levies – CFMEU – C&G National Office	A STATE OF THE PARTY OF THE PAR	18.644.911
Membership levies - CFMEU - C&G National Office	A STATE OF THE PARTY OF THE PAR	18.644.911
	450 000	
Interest received	459,923	516,945
	298,924	395,510
Grant income	8,358,314	7,825,261
Rental income	675,616	78,681
Training fees received	690,667	766,594
EBA processing fee	130,454	141,954
Other revenue	1,868,754	1,868,392
	35,010,230	30,238,248
OTHER INCOME		
Gain from sale of land and buildings	581,510	12,657,140

	31 March 2019	31 March 2018
	\$	\$
ITEMS INCLUDED IN SURPLUS		
Surplus has been determined after charging as expenses:		
Depreciation of property, plant and equipment	1,627,447	1,142,616
Capitation fees CFMEU C&G National Office	1,909,377	1,665,885
Membership levies - CFMEU - C&G National Office	459,923	563,979
Consultancy fees	312,326	455,163
Loss on disposal of plant and equipment	129,438	200,694
Meeting of members or council expenses (including room hire)	9,200	13,588
Conferences and meetings attendance expenses	81,410	78,237
Affiliation fees		
ALP Tasmanian Branch	2,408	2,688
Australia Asia Workers Links	4,000	2,000
Australian Labour Party	132,023	132,250
Ballarat Trades Hall	3,052	3,052
Bendigo Trades Hall Council	744	744
Building and Wood workers International Campaign for Intern Co-operative	39,730	69,814 150
Community Radio Federation Ltd	3,267	3,209
Geelong Trades Hall Council	10,640	13,006
Gippsland Trades and Labour Council	5,527	5,527
Goulburn Valley Trades & Labour Independent & Peaceful Australia Network	1,020	1,418 100
North East & Border Trades & Labour	880	880
South West Trades & Labour	790	1,053
Sunraysia Trades & Labour Council	532	532
Victorian Trades Hall Council	212,073	207,900
Tasmanian Trades and Labour Council	4,587	957
rasmanan mades and Labour Council	421,273	445,280
Donations		
- \$1,000 and less	13,923	3,902
- Greater than \$1,000	1,620,260	141,905
	1,634,183	145,807
Legal fees	Sec. 10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (10.000 (1	
- Litigation	2,187,142	3,509,457
- Penalties	1,199,871	1,986,300
- Other	16,937	26,62
	3,403,950	5,522,384

	TOR THE PERIOD OF MARKET EVIL	31 March 2019 \$	31 March 2018 \$
3	ITEMS INCLUDED IN SURPLUS (CONT'D)		
	Employee benefits - office holders		
	Wages and salaries	3,449,552	3,265,602
	Superannuation	451,181	439,555
	Leave entitlements	(25,830)	244,213
	Separation and redundancies	227,133	218,013
		4,102,036	4,167,383
	Employee benefits – office employees		
	Wages and salaries	10,571,844	9,149,419
	Superannuation	1,097,326	1,066,185
	Leave entitlements	(216,812)	170,916
	Separation and redundancies	(90,296)	177,920
		11,362,062	10,564,440
	Remuneration of the auditors:		
	Audit of financial report		
	Current year	59,500	57,500
	Grant and other audits	14,190	18,700
		73,690	76,200
		31 March 2019	31 March 2018
4	TRADE AND OTHER RECEIVABLES	\$	\$
	Trade debtors	696,301	823,249
	Accrued income	118,003	429,872
	Deposits paid	24,325	24,125
	Prepayments	258,207	210,314
		1,096,836	1,487,561
	Included in trade debtors:		
	Receivables from other reporting units		
	CFMEU- National Office	101,250	30,702
	CFMEU- Forestry Division	228,046	-
	CFMEU C&G National Office		29,033
	CFMEU Aust Capital Territory	-	-
	CFMEU New South Wales	2	-
	BLF Queensland Branch	- 1	-
	BLF South Australia Branch	-	
	CFMEU - Western Australia Branch	-	-
	Total receivable from other reporting units	329,296	59,736

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.

		31 March 2019 \$	31 March 2018 \$
5	OTHER FINANCIAL ASSETS		
	Current		
	Financial assets at fair value through other comprehensive income	9,226,271	8,853,100
	Amortised cost investments	3,500,000	3,500,000
		12,726,271	12,353,100
	Non-Current		
	Unlisted trusts at cost	1,682	1,682
6	PROPERTY, PLANT AND EQUIPMENT		
	Land and buildings		
	Freehold land at fair value	24,395,000	25,163,519
		24,395,000	25,163,519
	Buildings at fair value Less: Accumulated depreciation	27,320,000	21,636,326 (489,276)
		27,320,000	21,147,050
	Improvement at cost	12,000	6,188,499
	Less: Accumulated depreciation	(90)	(31,137)
		11,910	6,157,362
	Total land and buildings	51,726,910	52,467,931

The revaluations of land and buildings were based on the assessment of their current market value, subject to vacant possession. The independent revaluations were carried out by Sutherland Farrelly, Knight Frank and Opteon Property Group. 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 ensuring that requirements of accounting standards regarding fair value basis of valuation are met. The effective date of the revaluation were 31 March, 2019. Refer to Note 14 for further details.

	31 March 2019 \$	31 March 2018 \$
PROPERTY, PLANT AND EQUIPMENT (CONT'D)		
Plant and Equipment		
Plant and equipment	435,602	231,549
Less: Accumulated depreciation	(109,755)	(62,892)
	325,847	168,657
Training equipment	5,153,612	5,057,862
Less: Accumulated depreciation	(4,063,922)	(3,745,936)
	1,089,690	1,311,926
Computer equipment	1,038,046	709,457
Less: Accumulated depreciation	(544,336)	(386,777)
	493,710	322,680
Furniture and fittings	266,262	109,975
Less: Accumulated depreciation	(31,170)	(4,003)
	235,092	105,972
Motor vehicles	2,779,049	2,662,232
Less: Accumulated depreciation	(1,067,141)	(1,221,157)
	1,711,908	1,441,075
Total plant and equipment	3,856,247	3,350,310
TOTAL PROPERTY, PLANT AND EQUIPMENT	55,583,157	55,818,240

# 6 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.

# 31 March 2018

31 March 2018				
	Land and		Plant and	Training
	buildings	Improvements	equipment	equipment
Carrying amount at the beginning of the period	15,009,090	359,504	211,020	1,363,540
Additions	31,544,846	6,017,575	66,106	297,602
Disposals	West Control of the C	(199,924)	(74,431)	(22,980)
Depreciation expense	(243,368)	(19,794)	(34,039)	(326,237)
Carrying amount at the end of the period	46,310,568	6,157,361	168,656	1,311,925
	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the period	1,515,279	169,550	172,757	18,800,740
Additions	322,010	103,317	275,070	38,626,526
Disposals	(80,422)	(141,040)	(11,342)	(530, 139)
Depreciation expense	(315,791)	(25,854)	(113,804)	(1,078,888)
Carrying amount at the end of the period	1,441,076	105,973	322,681	55,818,240
31 March 2019				
	Land and		Plant and	Training
	buildings	Improvements	equipment	equipment
Carrying amount at the beginning of the year	46,310,568	6,157,361	168,656	1,311,925
Additions	-	284,342	204,053	95,752
Disposals	(795,000)	(631)		
Transfers	6,237,989	(6,237,989)	-	-
Revaluation	502,410	-		
Depreciation expense	(540,967)	(191,173)	(46,862)	(317,987)
Carrying amount at the end of the year	51,715,000	11,910	325,847	1,089,690
	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	1,441,076	105,973	322,681	55,818,240
Additions	859,960	156,287	350,275	1,950,669
Disposals	(263,798)		(1,286)	(1,060,715)
Transfers	+	-	-	-
Revaluation			-	502,410
Depreciation expense	(325,332)	(27,167)	(177,959)	(1,627,447)
Carrying amount at the end of the year	1,711,906	235,093	493,711	55,583,157

		31 March 2019 \$	31 March 2018 \$
7	TRADE AND OTHER PAYABLES		
	Trade creditors	1,213,044	3,117,585
	Sundry creditors and accruals	2,521,588	3,140,699
	GST payable	374,828	204,877
		4,109,460	6,463,160
	Included in trade creditors:		
	Trade payables to other Reporting Units		
	CFMEU - Mining & Energy (Morwell)	500	800
	CFMEU- Western Australia	1,638	-
	CFMEU C&G National Office	414,373	247,599
		416,511	248,399
	Legal fees payable included in trade creditors	100000000000000000000000000000000000000	
	Litigation	216,975	1,975,973
	Other legal matters	-	-,-,-,-
		216,975	1,975,973
	Included in accruals:		
	Accruals to other Reporting Units		
	CFMEU C&G National Office	1,677,307	1,649,873
	Legal fees payable included in accruals:		
	Litigation	230,356	381,831
	Other legal matters	200,000	001,001
		230,356	381,831
	The carrying amount of accounts payable approximates fair value.		
	DEFENDED AT VENUE		
3	DEFERRED REVENUE	1 007 500	2 040 707
В	DEFERRED REVENUE Subscriptions and grants received in advance	4,807,528	3,940,387
		4,807,528	3,940,387
	Subscriptions and grants received in advance  PROVISIONS	4,807,528	3,940,387
	Subscriptions and grants received in advance  PROVISIONS  Provision for employee entitlements:		
	PROVISIONS Provision for employee entitlements: Provision for annual leave – Office Holders	581,361	652,346
	Subscriptions and grants received in advance  PROVISIONS  Provision for employee entitlements:		3,940,387 652,346 1,333,792 145,591
	PROVISIONS Provision for employee entitlements: Provision for annual leave – Office Holders Provision for sick leave – Office Holders	581,361 1,145,634	652,346 1,333,792
	PROVISIONS Provision for employee entitlements: Provision for annual leave – Office Holders Provision for annual leave – Other Employees Provision for sick leave – Other Employees Provision for sick leave – Other Employees	581,361 1,145,634 148,085	652,346 1,333,792 145,591 171,797
	PROVISIONS Provision for employee entitlements: Provision for annual leave – Office Holders Provision for annual leave – Other Employees Provision for sick leave – Office Holders Provision for sick leave – Office Holders Provision for sick leave – Other Employees Provision for long service leave – Office Holders	581,361 1,145,634 148,085 282,550	652,346 1,333,792 145,591 171,791 957,981
	PROVISIONS Provision for employee entitlements: Provision for annual leave – Office Holders Provision for annual leave – Other Employees Provision for sick leave – Other Employees Provision for sick leave – Other Employees	581,361 1,145,634 148,085 282,550 1,000,641	652,346 1,333,792 145,591 171,791 957,981 1,806,651
	PROVISIONS Provision for employee entitlements: Provision for annual leave – Office Holders Provision for annual leave – Other Employees Provision for sick leave – Office Holders Provision for sick leave – Office Holders Provision for long service leave – Office Holders Provision for long service leave – Other Employees	581,361 1,145,634 148,085 282,550 1,000,641 1,667,245	652,346 1,333,792 145,591 171,791 957,981 1,806,651 1,965,634
	PROVISIONS Provision for employee entitlements: Provision for annual leave – Office Holders Provision for annual leave – Other Employees Provision for sick leave – Office Holders Provision for sick leave – Other Employees Provision for long service leave – Office Holders Provision for long service leave – Other Employees Provision for long service leave – Other Employees Provision for redundancy – Office Holders	581,361 1,145,634 148,085 282,550 1,000,641 1,667,245 2,192,767	652,346 1,333,792 145,591 171,791 957,981 1,806,651 1,965,634 2,866,101
	PROVISIONS  Provision for employee entitlements: Provision for annual leave – Office Holders Provision for annual leave – Other Employees Provision for sick leave – Office Holders Provision for sick leave – Other Employees Provision for long service leave – Office Holders Provision for long service leave – Other Employees Provision for long service leave – Other Employees Provision for redundancy – Other Employees	581,361 1,145,634 148,085 282,550 1,000,641 1,667,245 2,192,767 2,775,805	652,344 1,333,79 145,59 171,79 957,98 1,806,65 1,965,63 2,866,10 9,899,89
	PROVISIONS  Provision for employee entitlements: Provision for annual leave – Office Holders Provision for annual leave – Other Employees Provision for sick leave – Office Holders Provision for sick leave – Other Employees Provision for long service leave – Office Holders Provision for long service leave – Other Employees Provision for long service leave – Other Employees Provision for redundancy – Office Holders Provision for redundancy – Other Employees Total Employee Provisions	581,361 1,145,634 148,085 282,550 1,000,641 1,667,245 2,192,767 2,775,805 9,794,088	652,346 1,333,793 145,59 171,79 957,98 1,806,65 1,965,63 2,866,10 9,899,893
	PROVISIONS  Provision for employee entitlements: Provision for annual leave – Office Holders Provision for annual leave – Other Employees Provision for sick leave – Office Holders Provision for sick leave – Other Employees Provision for long service leave – Office Holders Provision for long service leave – Other Employees Provision for redundancy – Office Holders Provision for redundancy – Office Holders Provision for redundancy – Other Employees Total Employee Provisions  Provision for legal costs  TOTAL PROVISIONS	581,361 1,145,634 148,085 282,550 1,000,641 1,667,245 2,192,767 2,775,805 9,794,088	652,346 1,333,793 145,59 171,79 957,98 1,806,65 1,965,63 2,866,10 9,899,893
	PROVISIONS Provision for employee entitlements: Provision for annual leave – Office Holders Provision for annual leave – Other Employees Provision for sick leave – Other Employees Provision for long service leave – Office Holders Provision for long service leave – Other Employees Provision for long service leave – Other Employees Provision for redundancy – Office Holders Provision for redundancy – Office Holders Provision for redundancy – Other Employees Total Employee Provisions  Provision for legal costs  TOTAL PROVISIONS  Included in provision for legal costs:	581,361 1,145,634 148,085 282,550 1,000,641 1,667,245 2,192,767 2,775,805 9,794,088 967,000	652,344 1,333,79; 145,59; 171,79; 957,98; 1,806,65; 1,965,63; 2,866,10; 9,899,89; 1,870,12;
	PROVISIONS Provision for employee entitlements: Provision for annual leave — Office Holders Provision for annual leave — Office Holders Provision for sick leave — Office Holders Provision for sick leave — Office Holders Provision for long service leave — Office Holders Provision for long service leave — Office Holders Provision for redundancy — Office Holders Provision for redundancy — Office Holders Provision for redundancy — Office Holders Provision for legal costs  Total Employee Provisions  Included in provision for legal costs: Litigation	581,361 1,145,634 148,085 282,550 1,000,641 1,667,245 2,192,767 2,775,805 9,794,088	652,346 1,333,792 145,591 171,791 957,981 1,806,651 1,965,634 2,866,101 9,899,893 1,870,122
9	PROVISIONS Provision for employee entitlements: Provision for annual leave – Office Holders Provision for annual leave – Other Employees Provision for sick leave – Other Employees Provision for long service leave – Office Holders Provision for long service leave – Other Employees Provision for long service leave – Other Employees Provision for redundancy – Office Holders Provision for redundancy – Office Holders Provision for redundancy – Other Employees Total Employee Provisions  Provision for legal costs  TOTAL PROVISIONS  Included in provision for legal costs:	581,361 1,145,634 148,085 282,550 1,000,641 1,667,245 2,192,767 2,775,805 9,794,088 967,000	652,346 1,333,792 145,591

	31 March 2019 \$	31 March 2018 \$
RELATED PARTY TRANSACTIONS		
Capitation fees are paid to CFMEU C&G National Office as disclosed in Note 3 as a percentage of membership income and the minimum membership rate set.		
The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.		
Building Industry 2000 Plus Pty Ltd:		
- Transfer of proceeds to Building industry 2000 Pty Ltd for sales made	(29,686)	(71,653)
- Sponsorship of Grand Final Breakfast	(5,000)	(5,000)
- Received and receivable	6,896	
- Commission received from Building industry 2000 Pty Ltd	2,698	7,165
	(25,092)	(69,488)

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. The CFMEU receives 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.

During the 2018 year the Branch sold the 500 Swanston Street property. Previously the Branch set aside an amount against the property to secure a loan from CFMEU C&G National Office. The Victorian Divisional Branch Management Committee has decided to offer CFMEU C&G National Office the original loan of \$750,000 adjusted for CPI, a total of \$1,433,766 as settlement of any claims against the sale of the property. This balance is disclosed in Note 7 along with accruals to other reporting entities.

### 11 EVENTS SUBSEQUENT TO BALANCE DATE

No events or circumstances other than those disclosed have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial periods.

# 12 CONTINGENT LIABILITY

10

There are ongoing discussions relating to an amount payable by CFMEU VIC/TAS Branch to CFMEU C&G Division National Office in relation to the disposal of the Swanston Street property. At present, the Union has provided for an amount approved for payment, any amount owing to the CFMEU C&G Division National Office is contingent upon the outcome of discussions and cannot be reliably estimated at this point in time.

The legal matter in relation to the civil damages claim brought on in the Pentridge Village case is ongoing. The claims in relation to the ongoing legal matter are not yet determined and it is not practical to estimate the potential effect of the claims.

There are ongoing claims and legal proceedings against the Union. The expected outcome of the claims has not yet been determined nor can the potential effects of the claims be reliably estimated.

### 13 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 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.

	31 March 2019 \$	31 March 2018 \$
Risk Exposures and Response		
Financial assets		
Cash and cash equivalents	21,827,197	20,935,904
Trade and other receivables	1,096,836	1,487,561
Amortised cost investments	3,500,000	3,500,000
Unlisted trusts at cost	1,682	1,682
Financial assets at fair value through other comprehensive income	9,226,271	8,853,100
Total financial assets	35,651,986	34,778,247
Financial Liabilities		
Trade and other payables	4,109,460	6,258,283
Total financial liabilities	4,109,460	6,258,283
Net exposure	31,542,526	28,519,964
	211 6 11 11 11 11 11 11	100 L

### Credit Risk

Credit risk arises from the financial assets of the Union, which comprise cash and cash equivalents, trade and other receivables, investments and 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:

# 13 FINANCIAL INSTRUMENTS (CONT'D)

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
	\$	\$	\$	\$	\$	\$	%
2018							
Financial assets							
Cash	11,180,849	7,310,435			2,444,619	20,935,903	1.22
rade and other eceivables	*				1,487,561	1,487,561	
nvestments		3,000,000	500,000		8,854,782	12,354,782	2.52
	11,180,849	10,310,435	500,000	-	12,786,962	34,778,246	
Financial liabilities							
Trade and other payables	-	-			6,258,283	6,258,283	
	-	-			6,258,283	6,258,283	
2019							
Financial assets							
Cash	21,179,072	-	-		648,125	21,827,197	1.05
Trade and other receivables					1,096,836	1,096,836	
Investments	-	3,000,000	500,000		9,227,953	12,727,953	2.66
	21,179,072	3,000,000	500,000		10,972,914	35,651,986	
Financial liabilities							
Trade and other payables				-	4,109,460	4,109,460	
	-	-	-		4,109,460	4,109,460	4

# Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. For the year ending 31 March 2019, 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 p	Net profit		ssets
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	\$	\$	\$	\$
+ 1% (100 basis points)	253,272	219,913	253,272	219,913
- 0.5% (50 basis points)	126,636	(109,956)	126,636	(109,956)

# 14 FAIR VALUE MEASUREMENTS

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

- Financial assets at fair value through other comprehensive income
- Land and buildings

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 March 2019.

31 March 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income (Note 5)				
<ul> <li>Units held in Australian Council of Trade Unions (ACTU)</li> </ul>			1,682	1,682
- Investments in managed investment				
schemes	*	8,853,100	¥	8,853,100
		8,853,100	1,682	8,854,782
Non-financial assets				
Land and building (Note 6)	-		46,310,569	46,310,569
		-	46,310,569	46,310,569
31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income (Note 5)				
- Units held in Australian Council of			1 900	7.000
Trade Unions (ACTU)	*	*	1,682	1,682
<ul> <li>Investments in managed investment schemes</li> </ul>		9,226,271		9,226,271
	*	9,226,271	1,682	9,227,953
Non-financial assets				
			51,715,000	51,715,000
Land and building (Note 6)				

# 14 FAIR VALUE MEASUREMENTS (CONT'D)

	31 March 2019 \$	31 March 2019 \$
Reconciliation of Level 3 fair value movements		
Financial assets		
Carrying amount at the beginning of the period	1,682	1,682
Carrying amount at the end of the period	1,682	1,682
Land and building		
Carrying amount at the beginning of the period	46,310,569	15,009,090
Additions	5,945,399	31,544,846
Amortisation for the period	(540,968)	(243,367)
Carrying amount at the end of the period	51,715,000	46,310,569

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.

# 14 FAIR VALUE MEASUREMENTS (CONT'D)

Description	Fair value at 31 March 2019	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Freehold land and build	ing			
4/31 Sabre Drive, Port Melbourne, Victoria	\$1,375,000	Direct sales comparison approach supported by the capitalisation of income approach	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$13,750
8/41 Sabre Drive, Port Melbourne, Victoria	\$1,160,000			1 % change in building value rate p.s.m would increase / decrease fair value by \$11,600
9/41 Sabre Drive, Port Melbourne, Victoria	\$1,375,000	Direct sales comparison approach supported by the capitalisation of income approach	Building value rates per square metre	1 % change in building value rate p.s.m would increase / decrease fair value by \$13,750
10/41 Sabre Drive, Port Melbourne, Victoria	\$1,375,000			1 % change in building value rate p.s.m would increase / decrease fair value by \$13,750
1-7 Wharf Road, Port Melbourne, Victoria	\$7,600,000	Direct sales comparison approach supported by the capitalisation of income approach	Land value rates per square metre	1% change in land value rate p.s.m would increase / decrease fair value by \$76,000
11 Wharf Road, Port Melbourne, Victoria	\$4,500,000	Direct sales comparison approach	Building value rates per square metre	1% change in building value rate p.s.m would increase / decrease fair value by \$45,000
33A New Town Road, New Town, Tasmania	\$430,000	Capitalisation of income approach supported by the direct sales comparison approach	Building value rates per square metre	1% change in land value rate p.s.m would increase / decrease fair value by \$4,300

		2019	2018
15	MANAGEMENT COMMITTEE REMUNERATION		
	Short -term employee benefits	2,993,553	2,884,074
	Post-employment benefit s	389,691	400,555
	Termination benefits		
	Total	3,383,244	3,284,629

The names of the Division Branch Management Committee who were elected and held office during the financial period ended 31 March 2019 are:

Akbari F	Balta S	Beattie B	Benstead B
Booth P	Booth R	Christopher D	Cody M
Cordier A	Constantinou J	Doyle F	
Edwards R	Graauwmans R	Gritzalis D	Hassett R
Ioannidis A	Long S	Lythgo D	Harkins K
Misic D	Perak J	Perkovic J	Pitt B
Raspudic R	Reardon S	Round P	Setka J
Simpson J	Spernovasilis E	Theodorou T	Zanatta L

# 16 UNION DETAILS

The principal place of business of the Union is: CFMEU Construction and General Division (Victorian and Tasmanian Branch) 540 Elizabeth Street MELBOURNE VIC 3000

# 17 COMMITMENTS AND CONTINGENCIES

There were no material contractual commitments to acquire property, plant and equipment at 31 March 2019.

Other than the items disclosed, there were no further commitments and contingencies at the date of this report.

31 March

31 March

			2019	2018 \$					
18	CAS	H 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	4,280	4,080					
		Cash at bank	14,383,523	13,621,389					
		Short-term term deposits	7,439,394	7,310,435					
			21,827,197	20,935,904					
		Fund / account operated in respect to compulsory levies or voluntary	contributions are nil (2	(018: nil).					
		Training unit account operated (other than general fund) for the purpose of receiving grants and other training fees are \$3,823,714 (2018: \$87,484).							
		Transfers or withdrawals to a fund, account or controlled entity operated for a special purpose is nil (2018: nil).							
	(b)	Reconciliation of cash flow from operations surplus							
		Net surplus	2,768,769	9,773,846					
		Depreciation	1,627,447	1,142,616					
		Profit on sale of land and buildings	(581,510)	(12,657,139)					
		Loss on disposal of property, plant & equipment	129,438	200,694					
		Decrease in trade and other receivables	390,725	3,547,521					
		(Increase) in inventory	•	(3,000)					
		(Decrease)/Increase in trade and other payables	(2,353,700)	4,658,499					
		Increase in deferred revenue	867,142	276,370					
		(Decrease) / Increase in provisions	(1,008,927)	1,951,183					
		Net cash provided by operating activities	1,839,384	8,890,589					
	(c)	Cash flow to/from other reporting units							
		Cash inflows							
		CFMEU C & G Division - National Office	45,649	62,803					
		CFMEU National Office	37,774	24,288					
		CFMEU Manufacturing Division	187,937	323,116					
		CFMEU Mining and Energy Division	1,730						
		Total cash inflows	273,090	410,207					
		Cash outflows							
		CFMEU C & G Division - National Office	3,427,565	2,928,065					
		CFMEU National Office	55,590	122,240					
		CFMEU Manufacturing Division	219,216						
		CFMEU Morwell	51,923	30,924					
		CFMEU WA	3,033						
		CFMEU QLD	300						
		CFMEU NSW	000						
			2 757 007	2 004 004					
		Total cash outflows	3,757,627	3,081,229					

On the 17 June, 2019 the Divisional Branch Management Committee of The Construction, Forestry, Maritime, 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 March 2019:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - 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
  - 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;

riamo.

Position: DBMC Member

Dated: 17 June 2019

Signature:

Name:

Position: DBMC Member

STANN BACTA

I, Ralph Edwards being the President of the Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch declare that the following activities did not occur during the reporting period ending 31 March, 2019. The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO
  Act, a restructure of the branches of an organisation, a determination or revocation by the
  General Manager, Fair Work Commission
- · receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- · pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- · pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- · have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:	
Dated:	17.6.18



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#### INDEPENDENT AUDITOR'S REPORT

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

# Report on the Audit of the Financial Report

# Opinion

We have audited the financial report of Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division Victorian/Tasmanian Divisional Branch, which comprises the statement of financial position as at 31 March 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the financial report presents fairly, in all material respects, the financial position of the Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with:

- a) Australian Accounting Standards; and
- b) part 3 of the Fair Work (Registered Organisations) Act 2009.

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

# Basis for opinion

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

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



# Other information

The members of the Divisional Branch Management Committee are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Operating Report, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Responsibilities of the members of the Office Holders' for the Financial Report

The Divisional Branch Management Committee of the Union are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009, and for such internal control as the members of the Divisional Branch Management Committee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the members of the Divisional Branch Management Committee are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of the Divisional Branch Management Committee either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

# Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<a href="http://www.auasb.gov.au/Home.aspx">http://www.auasb.gov.au/Home.aspx</a>) at:

http://www.auasb.gov.au/auditors\_responsibilities/ar4.pdf

This description forms part of our auditor's report.



# Declaration by the auditor

I, James Mooney, declare that I am an approved auditor, a member of the Institute of Chartered Accountants in Australia and hold a current Public Practice Certificate.

**BDO East Coast Partnership** 

1990

James Mooney

Partner

ROC Registration #AA2017/65

Melbourne, 17 June 2019



3 April 2019

Ralph Edwards
Divisional Branch President
Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division,
Victoria-Tasmania Divisional Branch
Sent via email: queries@vic.cfmeu.asn.au

Dear Ralph Edwards,

Re: Lodgement of Financial Report - FR2019/23
Fair Work (Registered Organisations) Act 2009 (the RO Act)

The financial year of the Construction, Forestry, Maritime, Mining and Energy Union-Construction and General Division, Victoria-Tasmania Divisional Branch (the reporting unit) ended on 31 March 2019. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

### **Loans Grants and Donations Statement**

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 29 June 2019.

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

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

# **Financial report**

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

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

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of

grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding <u>financial reporting</u>, and fact sheets regarding <u>financial reporting processes and requirements</u>. A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

# Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find <a href="here">here</a> a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

# REMINDER

# YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our <u>website</u>.

### Contact

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

Yours faithfully,

**Kylie Ngo Registered Organisations Commission** 

Website: www.roc.gov.au



# Fact sheet

# Summary of financial reporting timelines – s.253 financial reports General Information:

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

# STEP 1:

Reporting unit must prepare the General Purpose Financial Report, Committee of Management Statement, s.255(2A) Report and Operating Report as soon as practicable after the end of the financial year:



# STEP 2:

Committee of Management statement – resolution to be passed by the Committee of Management in relation to the General Purpose Financial Report (1st meeting)



# STEP 3:

Registered Auditor to prepare and sign the Auditor's Report and provide to the Reporting unit within a reasonable timeframe

# IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT GENERAL MEETING OF MEMBERS

(this is the default process in the RO Act)

# STEP 4:

Provide full report to members at least 21 days before the General Meeting



# STEP 5:

Present *full report* to a General Meeting of Members within 6 months of the reporting unit's end of financial year (2nd meeting)



# STEP 6:

Prepare and sign the designated officer's certificate then lodge *full report* and the designated officer's certificate with the ROC within 14 days of the 2nd meeting

# IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT COMMITTEE OF MANAGEMENT MEETING

(Special rules must be in the rulebook to use this process)

# STEP 4:

Provide full report to members within 5 months of the reporting unit's end of financial year



# STEP 5:

Present *full report* to Committee of Management Meeting within 6 months of the reporting unit's end of financial year (2nd meeting)



# STEP 6:

Prepare and sign the designated officer's certificate then lodge full report and the designated officer's certificate with the ROC within 14 days of the 2nd meeting

# Misconceptions

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

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

<sup>©</sup> Commonwealth of Australia 2018

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



FS 009 (14 December 2018)

# **Fact sheet**

# Loans, Grants & Donations

# The Loans, Grants & Donations Requirements

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

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

# The Loans, Grants & Donations Statement

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

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

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

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

# **Common misconceptions**

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

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

# **Grants & Donations within the Financial Report**

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

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

In the ROC's Model Statements the note appears as follows:

# Note 4E: Grants or donations\*

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

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

# Implications for filing the Financial Report

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

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

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

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

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

# **Further information**

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

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

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