FAIR WORK COMMISSION

30 June 2014

Mr Michael Buchan
Secretary, Western Australian Divisional Branch
Construction and General Division
CFMEU
PO Box 8075
PERTH BC WA 6849

Dear Mr Buchan

**Re: Lodgement of Financial Accounts and Statements – Construction, Forestry, Mining and Energy Union, Construction and General Division, Western Australian Branch – for year ending 31 December 2013 (FR2013/430)**

I acknowledge receipt of the financial report of the Western Australian Branch of the Construction and General Division ['the reporting unit']. The documents were lodged with the Fair Work Commission on 16 June 2014.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 December 2014 may be subject to an advanced compliance review.

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

<u>General purpose financial report to be prepared on accrual basis</u>

Section 252 of the RO Act places obligations upon reporting units to keep financial records. Under section 252(4) an organisation may *keep* the financial records for its membership subscriptions on a cash basis.

This is distinct from the obligation under section 253 to *prepare* a general purpose financial report. Section 253 requires that '…a reporting unit must cause a general purpose financial report to be prepared, in accordance with the Australian Accounting Standards, from the financial records kept under subsection 252(1) in relation to the financial year…'. Paragraph 27 of Australian Accounting Standard *AASB101 Presentation of Financial Statements,* states that 'an entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting'.

The notes to the financial statements do not reflect this. They state that *"membership contributions and levy income are accounted for on a cash basis which, on an annual basis, would not materially differ from that calculated on an accrual basis"*. In the future please ensure that membership subscriptions are brought to account on an accruals basis in accordance with the Australian Accounting Standards. It is further noted that this will result in a change of accounting policy that will need to be disclosed in accordance with AASB 108 (Accounting Policies, Changes in Accounting Estimates and Errors). You may need to discuss this with your auditor.

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Key Management Personnel

General Purpose Financial Report's are required 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 119: Employee Benefits*.

Disclosure of employee expenses/benefits to office holders and other employees

The Reporting Guidelines require reporting units to disclose in the statement of comprehensive income or in the notes to the financial statements employee expenses to holders of office (item 17(f)[1]) and employee expenses to other employees (item 17(g)[2]). Note 5 discloses employee benefits expenses by Office holders and other employees, and for each prescribed sub-category except for "superannuation" and for "separation/redundancy" which are combined.

The Reporting Guidelines also require either the statement of financial position or the notes to disclose any liability for employee benefits in respect of office holders and other employees (items 21(c) and 21 (d)[3]). The notes, at 3 and 4, disclose provisions for annual and long service leave for officeholders and other employees but do not separately disclose provisions for separation/redundancy or 'other' liabilities. The Reporting Guidelines require that all employee and officer benefits are reported separately.

Activities under Reporting Guidelines not disclosed

Item(s) 18 and 22[4] of the Reporting Guidelines state that if activities identified in items 17 and 21 respectively have not occurred in the reporting period, a statement to this effect must be included in the notes to the GPFR[5]. I note that for the omitted employee benefits expenses or provisions identified in the preceding paragraphs, and for the category of capitation received (see item 15(b)), no such disclosure has been made.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6723 7237 or by email at stephen.kellett@fwc.gov.au.

Yours sincerely

Stephen Kellett

Senior Adviser, Regulatory Compliance Branch

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[1] Now item 16(f) of the new Reporting Guidelines

[2] Now item 16(g) of the new Reporting Guidelines

[3] Now items 20(c) and 20(d) of the new Reporting Guidelines

[4] Now items 17 and 21 of the new Reporting Guidelines

[5] Or a nil balance as per the model financial statements at https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting

**From:** KELLETT, Stephen
**To:** "mbuchan@cfmeuwa.com"
**Subject:** Financial reporting - y/e 31 Dec 2013 - filing
**Date:** Monday, 30 June 2014 3:19:00 PM
**Attachments:** CFMEU WA1 FR2013 430 (primary final) 300614.pdf
s253-Reporting-Guidelines-4th-edition.pdf
Model-financial-statements.pdf

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Dear Mr Buchan,

Please see attached my letter in relation to the above. I also attach. For your reference, a copy of the new Reporting Guidelines and a copy of the Model financial statements.

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
**FAIR WORK COMMISSION**

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EAST SYDNEY NSW 2011

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# Construction Forestry Mining and Energy Union
# Construction and General Division – WA Branch

## Financial Report for the
## Year ended 31 December 2013

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## OPERATING REPORT

The Committee of Management present their operating report in respect of the year ended 31 December 2013 as follows:

### Members of the Management Committee

The members of the Management Committee at any time during the year and the period for which he/she held the position were:

Campbell McCullough, Ian Hawkins, Glenn Hawkins, Joseph McDonald, Graham Pallot, Leslie Wellington, Peter Ballard, Michael Buchan, Peter McGrahan, Tony Kelly, Walter Molina and Matt Waters.

Each of the above members held the position for the full year except for Tony Kelly, who retired part way through the year and was replaced by Walter Molina.

### Review of Activities

The principal activity of the Branch during the course of the financial year was to act as the Western Australian representative of the federally registered Construction, Forestry, Mining, and Energy Union – Construction and General Division (CFMEU C&G). The primary role of the Branch is to act on behalf of and to further the interests of its members.

There were no significant changes in the nature of the Branch's activities during the year.

The attached accounts show that the union has during the first term of its newly elected executive continued the good work previously done, and that the union continues to be in a very strong financial position notwithstanding the various challenges presented by the economic conditions and the industrial landscape.

The union will continue with its drive to secure superior wages and conditions for its members and to ensure that they return safely after doing their days work.

The union continues to be challenged by attempts to weaken it both by employers who refuses to pay proper wages and by governments who want to prevent workers from having access to their union. As this union has done in the past it will continue to meet these challenges in a co-ordinated and strategic way and will use its resources to achieve these goals on behalf of its members

The results of the activities for the year are summarised as follows:

- Total income was $10,974,268 which represents a decrease of $1,875,101 (14.6%) from the prior year. This reflects a small decrease in the number of members during the year, combined with a reduction in income generated from the Training Levy, Eureka Products and Donations.

- The surplus for the year was $284,817 compared with $3,667,965 in 2012. The fall in income coupled with the significant increase in legal and settlement costs resulted in this large decrease.

- Full details of income and expenditure are set out on page 4 and 5.

**Significant Changes in Financial Affairs**

Significant changes in the state of affairs of the Branch during the year were:

- Total assets increased to $21,894,558 as at 31 December 2013 (2012: $20,150,910) with the increase arising from capital purchases relating to the Birchley Heights property, the addition of the canteens into the fixed asset register and an increase in cash balances.
- Total liabilities increased to $3,227,765 as at 31 December 2013 (2012: $1,768,935) with the increase largely due to the provision for legal and settlement costs.
- Net Assets increased to $18,666,793 as at 31 December 2013 (2012: $18,381,976).

There were no other significant changes in the Branch's affairs during the financial period.

**The Right of Members to Resign**

A member may resign from the membership of the Union by a written notice addressed and delivered to the Divisional Branch Secretary or other officer of the Divisional Branch authorised to receive such correspondence.

**Membership Information**

The number of members of the Branch as at 31 December 2013 recorded in the register of members and taken to be members of the Branch were 9,968.

**Employee Information**

The number of full time equivalent employees of the Branch as at 31 December 2013 was 30..

**Trustee of a Superannuation Entity**

No officer or member is a trustee of a superannuation entity or an exempt public sector superannuation scheme or a director of a company that is a trustee of such an entity or scheme, where the criterion for the officer or member holding such a position is being an officer or member of a registered organisation.

Signed on behalf of the Committee of Management

Dated this 18th day of March , 2014.

M Buchan

Michael Buchan
Secretary

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2013

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| **MEMBERS FUNDS** | | | |
| Balance at Beginning of Year | | 18,381,976 | 14,714,011 |
| Surplus / (Deficiency) | | 284,817 | 3,667,965 |
| | | 18,666,793 | 18,381,976 |
| **REPRESENTED BY:** | | | |
| **CURRENT ASSETS** | | | |
| Cash on Hand | | 2,100 | 2,100 |
| Cash in Financial Institutions | | 17,044,858 | 16,115,740 |
| Sundry Debtors | | 175,942 | 447,646 |
| Managed Investments – at market value | | 797,020 | 786,991 |
| **TOTAL CURRENT ASSETS** | | 18,019,920 | 17,352,477 |
| **NON-CURRENT ASSETS** | | | |
| Loans Receivable – CFMEUW | 2 | 694,758 | 348,559 |
| Loans Receivable/(Payable) – CSTC | 2 | (159,007) | (159,007) |
| Furniture & Fittings - at cost | | 237,671 | 232,147 |
| Furniture & Fittings - accumulated depreciation | | (198,991) | (187,649) |
| Motor Vehicles - at cost | | 663,796 | 613,391 |
| Motor Vehicles - accumulated depreciation | | (180,231) | (140,604) |
| Canteens at Cost | | 619,294 | - |
| Canteens - Accumulated Depreciation | | (277,598) | - |
| The Herrons property - at cost | | 635,004 | 635,004 |
| Karratha property – at Committee of Management valuation – 31 December 2012 | | 760,000 | 760,000 |
| Birchley Heights property - at cost | | 1,079,942 | 696,592 |
| **TOTAL NON CURRENT ASSETS** | | 3,874,638 | 2,798,433 |
| **TOTAL ASSETS** | | 21,894,558 | 20,150,910 |
| **CURRENT LIABILITIES** | | | |
| Trade Creditors | | 20,182 | 54,956 |
| Sundry Creditors | | 386,477 | 254,133 |
| GST clearing Account | | 217,540 | 341,310 |
| Provision for Holiday Pay | 3 | 600,408 | 600,063 |
| Provision for Legal and Settlement Costs | | 1,500,000 | - |
| **TOTAL CURRENT LIABILITIES** | | 2,724,607 | 1,250,462 |
| **NON CURRENT LIABILITIES** | | | |
| Provision for Long Service Leave | 4 | 503,158 | 518,472 |
| **TOTAL NON CURRENT LIABILITIES** | | 503,158 | 518,472 |
| **TOTAL LIABILITIES** | | 3,227,765 | 1,768,934 |
| **NET ASSETS** | | 18,666,793 | 18,381,976 |

To be read in conjunction with the attached notes

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPRENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

| | Note | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| **REVENUE** | | | |
| Subscriptions | | 7,187,635 | 7,639,701 |
| Training Levy | | 1,513,138 | 2,736,330 |
| Building Fund Income | | 33,000 | - |
| Revaluation / (Devaluation) of Managed investments | | 10,029 | 35,590 |
| Joining Fees | | 2,988 | 9,199 |
| Other Receipts - Sundry Income | | 652,817 | 679,753 |
| Interest Received | | 650,219 | 692,471 |
| Rent Received | | 37,812 | 31,963 |
| Canteen Income | | 450,628 | 798,759 |
| Canteen Income – Recognition of Assets | | 341,696 | - |
| Eureka Products | | 91,202 | 188,875 |
| Political and Donations | | 17,249 | 62,130 |
| Gain / (loss) on Sale of Assets | | (14,145) | (25,402) |
| | | 10,974,268 | 12,849,369 |
| **EXPENDITURE** | | | |
| Administration fees | | 66,061 | 146,806 |
| Advertising | | 70,129 | 263,286 |
| Affiliation Fees | | 131,163 | 103,304 |
| Auditor's Remuneration | | 94,860 | 49,175 |
| Bank Charges | | 56,142 | 48,825 |
| Campaign Costs | | 483,521 | 6,890 |
| Canteen Expenditure | | 17,666 | 13,078 |
| Computer Requirements | | 32,435 | 51,444 |
| Consulting Fees | | - | 169,200 |
| CSTC Training Top Up | | 251,688 | 470,214 |
| Depreciation | | 140,267 | 102,892 |
| Donations | | 77,251 | 256,045 |
| Eureka Products Purchased | | 130,560 | 267,066 |
| Freight | | 7,215 | 17,441 |
| Funeral Benefits | | 610 | 660 |
| Fringe Benefits Tax | | 14,764 | 3,662 |
| Insurance | | 134,569 | 161,974 |
| Legal and Settlement Costs | | 2,393,434 | 674,760 |
| Meeting Expenses | | 54,875 | 66,892 |
| Motor Vehicle Expenses & Service charges | | 165,230 | 163,417 |
| Other Expenses | | 9,932 | - |
| Payroll Tax | | 326,150 | 226,354 |
| Parking | | 11,896 | 13,045 |
| Impairment Loss on Karratha Property | | - | 163,594 |
| Printing, Postage & Stationery | | 188,174 | 268,345 |
| Photocopying & Office Expenses | | 51,009 | 76,605 |
| Provision for Employee Entitlements | | (14,969) | 38,176 |
| Rent, Rates and Electricity | | 172,486 | 108,135 |

Continued on following page

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| **EXPENDITURE (continued)** | | | |
| Repairs & Maintenance | | 37,879 | 55,491 |
| Staff Amenities | | 19,516 | 31,293 |
| Subscriptions | | 26,449 | 24,415 |
| Superannuation and Redundancy Contributions | 5 | 632,003 | 717,071 |
| Sustentation Fees (Federal) | | 686,616 | 569,367 |
| Staff Reimbursements | | *110,980* | *102,008* |
| Telephone | | 106,980 | 103,984 |
| Training | | 7,545 | - |
| Travel and Accommodation | | 265,626 | 277,926 |
| Wages – Office holders | 5 | 732,851 | 2,070,938 |
| Wages - Other employees | 5 | 2,995,888 | 1,297,626 |
| | | 10,689,451 | 9,181,404 |
| **SURPLUS FOR THE YEAR** | | 284,817 | 3,667,965 |
| **Other comprehensive income for the year** | | - | - |
| Surplus attributable to the Union | | 284,817 | 3,667,965 |
| Total Comprehensive income attributable to the Union | | 284,817 | 3,667,965 |

To be read in conjunction with the attached notes

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

| | General Funds $ | Hardship Fund $ | Reserves $ | Total $ |
|---|---|---|---|---|
| **Balance at 31 December 2011** | **13,985,546** | **608,767** | **119,698** | **14,714,011** |
| Total Comprehensive income for the period ended 31 December 2011 | 3,667,965 | - | - | 3,667,965 |
| Transfer of Funds from Related Entities | 119,698 | - | - | 119,698 |
| Increase in Asset Revaluation Reserve | - | - | (119,698) | (119,698) |
| **Balance at 31 December 2012** | **17,773,209** | **608,767** | **-** | **18,381,976** |
| Total Comprehensive income for the period ended 31 December 2013 | 284,817 | - | - | 284,817 |
| Transfer of Funds | - | - | - | - |
| Decrease in Asset Revaluation Reserve | - | - | - | - |
| **Balance at 31 December 2013** | **18,058,026** | **608,767** | **-** | **18,666,793** |

To be read in conjunction with the attached notes

## STATEMENT OF CASHFLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | Notes | 2013 $ | 2012 $ |
|---|---|---|---|
| **Cashflows from Operating Activities** | | | |
| Receipts from members | | 8,972,477 | 10,399,131 |
| Other receipts | | 1,285,696 | 1,697,725 |
| Payments to suppliers and employees | | (9,090,353) | (10,171,616) |
| Interest received | | 650,219 | 692,471 |
| **Net Cash Provided by (used in) Operating Activities** | 7 | 1,818,039 | 2,617,711 |
| **Cashflows From Investing Activities** | | | |
| Payments for Property, Plant & Equipment | | (593,122) | (867,489) |
| Proceeds from Sale of Property, Plant & Equipment | | 50,400 | 82,546 |
| **Net Cash Provided by (used in) Investing Activities** | | (542,722) | (784,943) |
| **Cashflows From Financing Activities** | | | |
| Receipts from Related Entities | | - | - |
| Decrease in Loans Payable | | - | - |
| Decrease in Loans Receivable | | (346,199) | 1,757,973 |
| **Net Cash Provided by (used in) Financing Activities** | | (346,199) | 1,757,973 |
| Net Increase (Decrease) in Cash Held | | 929,118 | 3,590,741 |
| Cash at 1 January 2013 | | 16,117,840 | 12,527,099 |
| Cash at 31 December 2013 | | 17,046,958 | 16,117,840 |

To be read in conjunction with the attached notes

## NOTES TO AND FORMING PART OF THE ACCOUNTS

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other pronouncements of the Australian Accounting Standards Board and the reporting guidelines made under section 255 of the Fair Work (Registered Organisations) Act 2009.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on the day of , 2014 by the members of the committee.

(a) MEMBERSHIP CONTRIBUTIONS AND LEVY INCOME
Membership contributions and levy income are accounted for on a cash receipts basis which, on an annual basis, would not materially differ from that calculated on an accruals basis.

(b) PROPERTY, PLANT AND EQUIPMENT
Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment loss.

Each class of property, plant and equipment is carried at cost or fair value less, where appropriate, any accumulated depreciation and impairment loss.

Plant and equipment, motor vehicles and furniture and fittings acquired are brought to account at cost.

Property, comprising land and buildings, is carried at fair value which is based on either independent valuations or third party appraisals. Revaluation increments are credited to an Asset Revaluation Reserve. Properties are revalued regularly so at to ensure they are always reflected at fair value.

The carrying amount of property, plant and equipment is reviewed annually by board members to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal.

Depreciation
The Depreciable amount of all fixed assets is depreciated on the diminishing value over their useful lives to the Union commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| | |
|---|---|
| Furniture & Fittings | 7.5 - 37.5%pa |
| Motor Vehicles | 22.5%pa |
| Property | Nil pa |

## NOTES TO AND FORMING PART OF THE ACCOUNTS

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FAIR VALUE OF ASSETS AND LIABILITIES

The Union measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Union would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(d) IMPAIRMENT OF ASSETS

At each reporting date, the Union reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income

(e) INCOME TAX

No provision for income tax is necessary as "Trade Unions" are exempt from income tax under section 50-15 of the Income Tax Assessment Act (1997).

(f) FINANCIAL INSTRUMENTS

*Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*Financial assets at fair value through profit and loss*

## NOTES TO AND FORMING PART OF THE ACCOUNTS

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) FINANCIAL INSTRUMENTS (continued)

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period which they arise.

*Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

*Available-for-sale financial assets*
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

*Fair value*
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment*
At each reporting date, the Union assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income

(g) EMPLOYEE BENEFITS
Provision is made for the Union's liability for employee benefits arising from services rendered by employees at balance date.

Liability for Annual Leave benefits are expected to be settled within 12 months and are therefore considered current liabilities. Liability for Long Service Leave benefits are not expected to be settled within 12 months and are therefore considered non-current liabilities, not withstanding that any immaterial amounts may be settled within the next 12 months.

Provisions for employee benefits are brought to account at the amounts expected to be paid when the liability is settled, plus related on-costs. Provisions for redundancy fund are accrued at its current value. Any movement in the redundancy provision is expensed through the superannuation account.

Superannuation contributions made by the Union are expensed when due, except in the case for the redundancy fund mentioned above.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

h) GOODS & SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST except;

- Where GST incurred on purchases is not recoverable from the ATO, GST is recognised as part of the cost of the purchase.

Receivables and payables are stated with the amount of GST included.

(i) MANAGED INVESTMENTS

Managed Investments comprise of a diversified portfolio of tradeable equities, managed funds and cash, managed by an independent fund manager. Managed Investments are classified as "financial assets at fair value through profit and loss" and are recorded at net market value, with any changes in net market value brought to account in the Statement of Comprehensive Income in the periods in which they occur.

(j) NEW AND AMENDED ACCOUNTING POLICIES ADOPTED BY THE UNION

*Fair value measurement*
The Union has applied AASB 13: Fair Value Measurement and the relevant consequential amendments arising from the related Amending Standards prospectively from the mandatory application date of 1 January 2013 and in accordance with AASB 108 and the specific transitional requirements in AASB 13.

No material adjustments to the carrying amounts of any of the Union's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the Union's financial statements. These enhanced disclosures are provided in Note 13.

The disclosure requirements in AASB 13 need not be applied by the Union in the comparative information provided for periods before initial application of AASB 13 (that is, periods beginning before 1 January 2013). However, as some of the disclosures now required under AASB 13 were previously required under other Australian Accounting Standards, such as AASB 7: Financial Instruments: Disclosures, the Union has provided this previously provided information as comparatives in the current reporting period.

(k) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Union, together with an assessment of the potential impact of such pronouncements on the Union when adopted in future periods, are discussed below:

– AASB 9: *Financial Instruments* (December 2010) and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

## NOTES TO AND FORMING PART OF THE ACCOUNTS

- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards are mandatorily applicable for annual reporting periods commencing on or after 1 January 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Union's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010–2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Management believes that the Union qualifies for the reduced disclosure requirements for Tier 2 entities. However, it is yet to determine whether to adopt the reduced disclosure requirements.

– AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Union's financial statements.

– Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed

## NOTES TO AND FORMING PART OF THE ACCOUNTS

by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Union's financial statements.

- AASB 2013–3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Union's financial statements.

- AASB 2013–4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Union's financial statements.

- AASB 2013–5: *Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Union's financial statements.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Union evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the union.

*Key estimates – Impairment*

The Union assesses impairment at each reporting date by evaluating conditions specific to the Union that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

*Key estimates – Provision for Legal and Settlement Costs*

At each reporting date the union assesses the amount which should be provided for in relation to legal and settlement costs. The amount determined is based on management's assessment of the likely outcome of actions in progress at year end taking into account the advice from legal counsel.

Actual legal and settlement costs could be lower or higher than the amount provided for at 31 December 2013 depending on the ultimate outcome of actions in progress at year end.

### REGISTRATION STATUS

The Construction Forestry Mining and Energy Union Construction and General Division – WA Branch is a federally registered divisional branch of the Construction Forestry Mining and Energy Union.

## NOTES TO AND FORMING PART OF THE ACCOUNTS

### 2 LOANS RECEIVABLE

The loans receivable from the Construction Forestry Mining and Energy Union of Workers (CFMEUW) and the Construction Skills Training Centre (CSTC) are unsecured, interest free and at call.

### 3 PROVISION FOR HOLIDAY PAY

| | 2013 | 2012 |
|---|---|---|
| Amounts payable to: | | |
| - Office holders | 368,169 | 506,810 |
| - Other Employees | 232,239 | 93,253 |
| | 600,408 | 600,063 |

### 4 PROVISION FOR LONG SERVICE LEAVE

| | | |
|---|---|---|
| Amounts payable to: | | |
| - Office holders | 244,567 | 346,248 |
| - Other Employees | 258,591 | 172,224 |
| | 503,158 | 518,472 |

### 5 EMPLOYEE BENEFITS

Employee benefits paid to Office holders during the year comprised of:

| | | |
|---|---|---|
| Wages | 672,284 | 1,882,744 |
| Annual leave/long service leave | 60,567 | 188,194 |
| Non monetary benefits | 44,351 | 53,825 |
| Superannuation and Redundancy | 126,055 | 522,625 |
| | 903,257 | 2,647,388 |

Employee benefits paid to other employees during the year comprised:

| | | |
|---|---|---|
| Wages | 2,694,869 | 1,126,416 |
| Annual leave/long service leave | 301,019 | 171,210 |
| Non monetary benefits | 155,171 | 8,466 |
| Superannuation and Redundancy | 505,948 | 194,446 |
| | 3,657,007 | 1,500,538 |

Office holders comprise key management personnel having authority and responsibility for planning, directing and controlling the activities of the Union, and include members of the management committee. The significant change in employee benefits paid to office holders (decrease) and other employees (increase) compared to the prior year was largely due to redefining which employees are categorised as office holders.

## NOTES TO AND FORMING PART OF THE ACCOUNTS

### 6 INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of Section 272, subsections (1), (2) and (3) of the Fair Work (Registered Organisations) Act 2009, 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. The application must be in writing and must specify the period within which, and the manner within 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.

A reporting unit must comply with an application made under subsection (1).

### 7 CASHFLOW INFORMATION

Reconciliation of Cashflow from Operations with Operating Surplus is as follows;

| | 2013 | 2012 |
|---|---|---|
| **Operating Surplus** | 284,817 | 3,667,965 |
| Non cash flows in operating surplus | | |
| Depreciation | 140,267 | 102,892 |
| Revaluation of Managed Investments | (10,029) | (35,590) |
| Changes in Assets and Liabilities: | | |
| (Increase)/decrease in receivables | 271,704 | (49,854) |
| Increase/(decrease) in payables | (26,200) | (1,130,579) |
| Increase/(decrease) in provisions | 1,485,031 | 37,475 |
| (Profit)/Loss on sale of investments/assets | 14,145 | 25,402 |
| Recognition of Previously Unrecorded Assets | (341,696) | |
| **Cash Flows from/(to) Operations** | 1,818,039 | 2,617,711 |

### 8 FINANCIAL RISK MANAGEMENT

The Union undertakes transactions in a range of financial instruments. The material financial instruments are:

- Cash assets
- Managed investments (a diversified portfolio of tradeable listed investments, managed funds and cash management trusts)
- Sundry debtors and loans receivable
- Trade and sundry creditors
- Other financial liabilities

The union does not have any derivative instruments as at 31 December 2013 and does not speculate in any types of financial instruments.

The activities of the Union expose it primarily to the financial risks, associated with its financial instruments, of market risk, credit risk and interest rate risk. The Committee of Management are responsible for the monitoring and managing the financial risks of the Union. They monitor these risks through monthly board meetings where management accounts are presented and analysed. Any changes or issues identified are communicated

## NOTES TO AND FORMING PART OF THE ACCOUNTS

## 8 FINANCIAL RISK MANAGEMENT (continued)

to the administration team who implement changes. Management of the different types of financial risks are explained below;

### a) Market Risk

The only material market risk we are exposed to is the risk that the fair value or future cash flows of our managed investments will fluctuate because of changes in market prices. We manage these risks by having a diversified portfolio of tradeable equities, managed funds and cash, managed by an independent funds manager. The investment value and returns are regularly reported to and monitored by the Committee of Management who makes changes as required.

***Sensitivity Analysis***

If market prices of our tradeable securities were 10% higher or lower the impact on our operating surplus would be to increase/decrease the surplus by approximately $45,000 (as a substantial proportion of the managed investments are currently held in cash). A sensitivity of 10% has been selected as this is considered reasonable given the diversified portfolio.

### b) Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligations to repay us and thus will cause us to make a financial loss.

The largest material credit risk we are exposed to relates to cash assets, which comprises cash at banks and managed investments. We manage these risks by limiting the amount of funds invested with any financial institution and by evaluation of the financial institutions selected.

The Union also has exposure to credit risk through its sundry debtors and loans receivable. Most receivables are from a related union (the CFMEUW). Whilst there is a concentration of credit risk it has been assessed that the CFMEUW can comfortably meet its obligations.

### c) Liquidity Risk

Liquidity risk is the risk that the Union will not be able to meet is financial obligations as they fall due, the Union manages liquidity risk by maintaining adequate cash reserves and by monitoring forecast cash flows, which reflect managements' expectations of the settlement of financial assets and liabilities.

All financial assets and liabilities mature within a period of less than 12 months.

### d) Fair Value Financial Instruments

The carrying amounts of financial assets and liabilities approximate their fair values.

## NOTES TO AND FORMING PART OF THE ACCOUNTS

## 8 FINANCIAL RISK MANAGEMENT (continued)

### e) Interest Rate Risk

The Unions' exposure to interest rate risk, which is the risk that a financial instruments' value will fluctuate as a result of the changes in market interest rates, is limited only to its cash holdings with a number of banks.

To demonstrate the Unions' sensitivity to changes in interest rates a movement in rate of plus or minus 1% at the reporting date would have increased / decreased net profit by approximately $170,000. For further details on interest rate risk refer to the table below.

*The following table summarises interest rate risk for the Company together with effective interest rates as at balance date:*

| | | Fixed rate maturing: | | | | Interest Rates: | |
|---|---|---|---|---|---|---|---|
| **2013** | **Floating Interest Rate** | **1 year or less** | **Over 1 year** | **Non - Interest Bearing** | **TOTAL** | **Fixed** | **Floating** |
| **Financial Assets** | | | | | | | |
| Cash Assets | 3,364,980 | 13,679,878 | | 2,100 | 17,046,958 | 3.54% | 2.69% |
| Managed Investments | | | | 797,020 | 797,020 | | |
| Sundry Debtors | | | | 175,942 | 175,942 | | |
| Related Entity Loans | | | | 694,758 | 694,758 | | |
| **Total Financial Assets** | 3,364,980 | 13,679,878 | | 1,669,820 | 18,714,678 | | |
| **2012** | 2,817,935 | 13,297,805 | | 1,426,289 | 17,542,029 | | |

| | | Fixed rate maturing: | | | | Interest Rates: | |
|---|---|---|---|---|---|---|---|
| **2013** | **Floating Interest Rate** | **1 year or less** | **Over 1 year** | **Non - Interest Bearing** | **TOTAL** | **Fixed** | **Floating** |
| **Financial Liabilities** | | | | | | | |
| Trade payables | - | - | - | 20,182 | 20,182 | | |
| Other payables | - | - | - | 604,017 | 604,017 | - | - |
| **Total Financial Liabilities** | - | - | - | 624,199 | 624,199 | - | - |
| **2012** | - | - | - | 595,443 | 595,443 | - | - |

*Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.*

## 9 CONTINGENT LIABILITIES

The Union and specified officials are subject to regulatory actions and are being sued for specified and unspecified damages in a number of separate actions arising from industrial disputes. The Committee of Management are of the opinion that the actions can be successfully defended by the Union and are currently involved in litigation challenging the actions.

Given the complex and protracted nature of these actions and advice from legal counsel, it is not practicable to reliably estimate fully the potential financial impact, if any, of these actions at this time, although any potential financial impact (in addition to that already provided for in the financial statements as at 31 December 2013) is not expected to be significant.

## NOTES TO AND FORMING PART OF THE ACCOUNTS

### 9 CONTINGENT LIABILITIES (continued)

The information usually required by AASB 137 Provisions, Contingent Liabilities and Contingent Assets, is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation.

In addition to the above, the Union has a contingent liability of $1 million which arises from a settlement deed executed during the year ended 31 December 2012. Pursuant to the deed, the liability will become due and payable if prohibited industrial action (as defined in the deed) occurs on or before 11 February 2018.

### 10 RELATED PARTY DISCLOSURES

There are no related party transactions other than remuneration of office holders, as disclosed in Note 5, loans receivable from the Construction Forestry Mining and Energy Union of Workers (CFMEUW) and Construction Skills Training Centre (CSTC), as disclosed in the Statement of Financial Position, administration fees received from CSTC ($105,472: 2012 $175,258), administration fees paid to CSTC ($66,061: 2012 $66,909), campaign costs contributed to the CFMEU national branch ($483,251: 2012 $6,890) and transfer of training levies to CSTC ($251,688: 2012 $470,214), as disclosed in the Statement Of Profit or Loss and Other Comprehensive Income.

### 11 EVENTS SUBSEQUENT TO BALANCE DATE

No matters or events have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Branch, the results of those operations or the state of affairs of the Branch in subsequent financial periods.

### 12 CAPITAL EXPENDITURE COMMITMENTS

| | 2013 | 2012 |
|---|---|---|
| Capital expenditure commitments contracted for: | | |
| - Building cost of Lot 3 Birchley Road, Beeliar WA 6164 | - | 206,059 |
| - Building cost of Lot 14 Lugano Terrace, Beeliar WA 6164 | - | 218,291 |
| | - | 424,350 |

### 13 FAIR VALUE MEASUREMENTS

The Union measures and recognises the following assets at fair value on a recurring basis after initial recognition:

– available-for-sale financial assets; and

– freehold land and buildings.

The Union does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

#### Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

## 13 FAIR VALUE MEASUREMENTS (continued)

| Level 1 | Level 2 | Level 3 |
|---|---|---|
| Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. | Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. | Measurements based on unobservable inputs for the asset or liability. |

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Valuation Techniques**

The Union selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Union are consistent with one or more of the following valuation approaches:

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Union gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Union's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

## NOTES TO AND FORMING PART OF THE ACCOUNTS

### 13 FAIR VALUE MEASUREMENTS (continued)

| | 31 December 2013 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | $ | $ | $ | $ |
| **Recurring fair value measurements** | | | | |
| *Financial assets* | | | | |
| Available-for-sale financial assets: | | | | |
| Shares in listed companies/trusts | 450,119 | - | - | 450,119 |
| **Total financial assets recognised at fair value** | 450,119 | - | - | 450,119 |
| *Non-financial assets* | | | | |
| Land and Buildings | - | 2,474,946 | - | 2,474,946 |
| **Total non-financial assets recognised at fair value** | - | 2,474,946 | - | 2,474,946 |

| | 31 December 2012 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | $ | $ | $ | $ |
| **Recurring fair value measurements** | | | | |
| *Financial assets* | | | | |
| Available-for-sale financial assets: | | | | |
| Shares in listed companies | 463,653 | - | - | 463,653 |
| **Total financial assets recognised at fair value** | 463,653 | - | - | 463,653 |
| *Non-financial assets* | | | | |
| Land and buildings | - | 2,091,596 | - | 2,091,596 |
| **Total non-financial assets recognised at fair value** | - | 2,091,596 | - | 2,091,596 |

## 13 FAIR VALUE MEASUREMENTS (continued)

### Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

| Description | Fair Value at 31 December 2013 | Valuation Technique(s) | Inputs Used |
|---|---|---|---|
| | $ | | |
| *Non-financial assets* | | | |
| Land and buildings (i) | 2,474,946 | Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology | Price per hectare; market borrowing rate |
| | 2,474,946 | | |

(i) The fair value of land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period the executives review the independent valuations and when appropriate update the fair value measurement to reflect current market conditions using the valuation techniques noted above.

There were no changes during the period in the valuation techniques used to determine Level 2 fair values.

## STATEMENT OF RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY CASH BASIS FOR YEAR ENDED 31 DECEMBER 2013

| | 2013 $ | 2012 $ |
|---|---|---|
| **Receipts** | | |
| Amounts recovered from employers in respect of wages etc | - | 443,746 |
| Interest received on recovered money | | - |
| **Total receipts** | - | 443,746 |
| **Payments** | | |
| Deductions of amounts due in respect of membership for: | | |
| - 12 months or less | - | - |
| - greater than 12 months | - | - |
| Deductions of donations or other contributions to accounts Or funds of: | | |
| - Construction & Building Industry Super | - | - |
| - WA Construction Industry Redundancy Fund | - | - |
| Deductions of fees or reimbursement of expenses | - | - |
| Payments to workers in respect of recovered money | - | 443,746 |
| **Total payments** | - | 443,746 |
| **Surplus / Deficit for the year** | - | - |

## BALANCE SHEET AS AT 31 DECEMBER 2013

| | 2013 $ | 2012 $ |
|---|---|---|
| **Assets** | | |
| Cash at bank at beginning of period | 60,023 | 60,023 |
| Add Excess (deficiency) of Receipts over Payments | - | - |
| **Total Assets** | 60,023 | 60,023 |
| **Liabilities** | | |
| Unclaimed Wages (in respect of 105 workers In 2013 and 105 workers in 2012) | 60,023 | 60,023 |
| **Total Liabilities** | 60,023 | 60,023 |

## COMMITTEE OF MANAGEMENT STATEMENT

The Committee of Management of Construction Forestry Mining and Energy Union Construction and General Division – WA Branch passed the following resolution at a Management Committee meeting held on 15 March 2014 in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2013:

The Committee of Management declares in relation to the GPFR that in its opinion:

a) the financial statements and notes comply with the Australian Accounting Standards;

b) the financial statements and notes comply with the reporting guidelines of the General Manager of FWA;

c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;

e) during the financial year to which the GPFR relates and since the end of the year:

(i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned: and

(ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

(iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and

(iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and

(v) the information sought in any request of a member of the reporting unit or the General Manager of FWA duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager; and

(vi) there has been compliance with any order for inspection of financial records made by FWA under section 273 of the Fair Work (Registered Organisations) Act 2009.

f) in relation to recovery of wages activity;

(i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager of FWA; and

(ii) the committee of management caused the Auditor to include in the scope of the audit required under subsection 257(1) of the Fair Work (Registered Organisations) Act 2009 all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and

## COMMITTEE OF MANAGEMENT STATEMENT (continued)

(iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and

(iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy or fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and

(v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

This declaration is true and I know that it is an offence to make a declaration knowing that it is false in a material particular - for and on behalf of the Committee of Management:

M Buchan

Michael Buchan
Secretary

Dated this 18th day of March, 2014.

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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## AUDITORS REPORT

### TO THE MEMBERS OF CONSTRUCTION FORESTRY MINING AND ENERGY UNION THE CONSTRUCTION AND GENERAL DIVISION – WA BRANCH

**Report on the Financial Report**
We have audited the accounts of the Construction Forestry Mining and Energy Union Construction and General Division – WA Branch for the year ended 31 December 2013, comprising the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cashflows, the Summary of Significant Accounting Policies, the Recovery of Wages – Statement of Receipts and Payments and the Committee of Management Statement.

**Management Committees' Responsibility for the financial report**
The Management Committee is responsible for the preparation and presentation of the financial statements and the information contained therein. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the accounts that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors Responsibility**
We have conducted an independent audit of these accounts in order to express an opinion on them to the Members of the Branch.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the accounts are free from material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the Accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects the accounts are presented fairly in accordance with Australian Accounting Standards and statutory requirements so as to present a view of the Branch which is consistent with our understanding of its financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

**Independence**
In conducting our audit, we have followed applicable independence requirements of Australian professional pronouncements.

**Audit Opinion**
In our opinion:

(i) there were kept by the organisation in respect of the period satisfactory accounting records detailing the sources and nature of the income of the organisation (including income from members) and the nature and purpose of expenditure;

(ii) the attached accounts, notes, Recovery of Wages – Statement of Receipts and Payments and statements on pages 3 to 24 have been prepared in accordance with applicable Accounting Standards, and are properly drawn up in accordance with the provisions of Section 255 of the Fair Work (Registered Organisations) Act 2009 in accordance with the rules of the organisation, and so as to give a true and fair view of,

   a) the financial affairs of the organisation as at 31 December 2013, including properly and fairly reporting all information required by the reporting guidelines of the General Manager of FWA; and

   b) the income and expenditure and surplus of the organisation for the year ended on that date.

(iii) Management's use of the going concern basis of accounting in the preparation of the Branch's financial statements is appropriate.

MOORE STEPHENS
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**AUDITORS REPORT (Continued)**

Moore Stephens

MOORE STEPHENS

Neil Pace

NEIL PACE
PARTNER
REGISTERED COMPANY AUDITOR #182668
AND APPROVED AUDITOR
FCA AND HOLDER OF A CURRENT PUBLIC
PRACTICE CERTIFICATE

Dated this 24th day of March , 2014 in
Perth, Western Australia.

## CERTIFICATE OF SECRETARY

I, Michael Buchan being the Secretary of the Construction Forestry Mining and Energy Union Construction and General Division – WA Branch certify:

- that the documentation lodged herewith are copies of the full report referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members on the 19 day of May , 2014; and
- that the full report was presented to a general meeting of members / meeting of the Management Committee on the 10 day of June , 2014 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

M. Buchan

Michael Buchan
Secretary

CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH

Dated this 10 day of June , 2014.

FairWork Commission

26 February 2014

Mr Michael Buchan,
Branch Secretary
Construction, Forestry, Mining and Energy Union-Construction and Gen. Div, WA Divisional Branch
Sent by fax: (08) 9228 6901

Dear Mr Buchan,

**Re: Lodgement of Financial Report - [FR2013/430]**
**Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Construction and General Division, WA Divisional Branch of the Construction, Forestry, Mining and Energy Union (the reporting unit) ended on 31 December 2013.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date, namely 15 July 2014 (being the expiry date of 6 months and 14 days from the end of the financial year), under s.268 of the RO Act.

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

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. Additionally, the General Manager's updated Reporting Guidelines, that apply to all financial reports prepared on or after 30 June 2013, are also available on the website together with slides relating to our financial Reporting Guidelines Webinar.

The Fair Work Commission has also developed a model set of financial statements for the 2012-2013 financial year. There is no requirement to use this model but it may be a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. All of the above information can be accessed through our website under Compliance & litigation.

The financial report and any statement of loans, grants or donations made during the financial year [statement must be lodged within 90 days of end of financial year] can be emailed to orgs@fwc.gov.au . A sample statement of loans, grants or donations is available at sample documents no.5

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

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

Yours sincerely,

R.Pf

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## TIMELINE/ PLANNER

| | | |
|---|---|---|
| Financial reporting period ending: | / / | |
| Prepare financial statements and Operating Report. | | As soon as practicable after end of financial year |
| (a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.<br>(b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR). | / / | |
| Auditor's Report prepared and signed and given to the Reporting Unit - s257 | / / | Within a reasonable time of having received the GPFR<br>(NB: Auditor's report must be dated on or after date of Committee of Management Statement |
| Provide full report free of charge to members – s265<br>The full report includes:<br>• the General Purpose Financial Report (which includes the Committee of Management Statement);<br>• the Auditor's Report; and<br>• the Operating Report. | / / | *(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,*<br>*or*<br>*(b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.* |
| Present full report to:<br>(a) General Meeting of Members - s266 (1),(2); OR | / / | *Within 6 months of end of financial year* |
| (b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3) | / / | *Within 6 months of end of financial year* |
| Lodge full report with the Fair Work Commission, together with the #Designated Officer's certificate++ – s268 | / / | *Within 14 days of meeting* |

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

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

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