

**Construction Forestry Mining and Energy Union,  
Construction and General Division – National Office**

**ABN: 46 243 168 565**

**Financial Statements**

**For the Year Ended 31 December 2015**

# **Construction Forestry Mining and Energy Union, Construction and General Division – National Office**

**ABN: 46 243 168 565**

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## **Financial Statements**

**For the Year Ended 31 December 2015**

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# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

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## Operating Report

31 December 2015

The Divisional Executive present their report on the Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union") for the financial year ended 31 December 2015.

### Divisional Executive

The names of the Divisional Executive in office at any time during the year are:

<b>Names</b>	<b>Position</b>	<b>Dates</b>
Dave Noonan	National Secretary	1/1/15 - 31/12/15
Frank O'Grady	Assistant National Secretary	1/1/15 - 31/12/15
Brad Parker	Assistant National Secretary	1/1/15 - 31/12/15
David Hanna	President	1/1/15 - 21/8/15
Joe McDonald	President	21/8/15 - 31/12/15
Joe McDonald	Vice President	1/1/15 - 21/8/15
Shaun Reardon	Vice President	21/8/15 - 31/12/15
Shaun Reardon	VIC/TAS Divisional Executive Member	1/1/15 - 21/8/15
John Setka	VIC/TAS Divisional Executive Member	1/1/15 - 31/12/15
Rita Mallia	NSW Divisional Executive Member	1/1/15 - 31/12/15
Brian Parker	NSW Divisional Executive Member	1/1/15 - 31/12/15
Aaron Cartledge	SA Divisional Executive Member	1/1/15 - 31/12/15
Dean Hall	ACT Divisional Executive Member	1/1/15 - 31/12/15
Jade Ingham	QLD Divisional Executive Member	1/1/15 - 31/12/15
Michael Ravbar	QLD Divisional Executive Member	1/1/15 - 31/12/15
Mick Buchan	WA Divisional Executive Member	1/1/15 - 31/12/15
Elias Spornovasilis	VIC/TAS Divisional Executive Member	1/1/15 - 31/12/15

# **Construction Forestry Mining and Energy Union, Construction and General Division – National Office**

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## **Operating Report**

**31 December 2015**

### **Principal activities and significant changes in nature of activities**

The principal activities of the Union during the financial year were:

- Implementation of Divisional Executive Decisions.
- Maintenance of Union Rules, Registrations and Affiliations.
- Organising Executive Meetings and Divisional Conferences as well as National Safety Officer Meetings.
- Conducting Activities for Parliamentary, Divisional and Divisional Branch elections, including assisting with statutory requirements.
- Co-ordinating seminars / education courses for Branch Officers to inform them of current developments or to seek collective input in the development of national policies.
- Representing the Division's interest on various national committees and organisations.
- Co-ordinating the involvement of the Union in relevant international trade union bodies and conferences.
- Responsibility for servicing national awards and enterprise agreements and maintaining related information services. Divisional Office also advises Branches on industrial matters.
- Provision to Branches with economic and industrial research.
- Provision to Branches of assistance with administration and financial management.
- Provision to Branches of a National Library including information service / library through an electronic data base.
- Co-ordinating O H & S nationally and maintaining a national policy database and information service.
- Providing prime responsibility of initiating and leading the conduct of legal action launched in defence of the Division's constitutional work.
- Providing a National Computer Department to service each Branch and Divisional Office.
- Provision of National Publicity Services in respect of the national newspaper, safety newsletter and various brochures of industrial issues, media issues etc.
- Provision of National Training Agenda by representing the Union on various Boards and Committees.

There were no significant changes in the nature of the Union's principal activities during the financial year.

### **Operating results**

The loss of the Union amounted to \$ 47,574 (2014: loss of \$ 385,682).

### **Review of operations**

A review of the operations and results of the Union is performed in the meetings of the Executive Officers and also at each meeting of the Divisional Executive. Additionally, such matters are considered at the regular meeting of the General Officers of the Union.

### **Significant changes in state of affairs**

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

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Operating Report

31 December 2015

### Events after the reporting date

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

### Membership of the Union

There were 65,672 financial members of the Union as at 31 December 2015.

### Rights of members to resign

All members of the Union have the right to resign in accordance with Rule 11 of the Union Rules (and section 174 of the Fair Work (Registered Organisations) Act 2009).

### Employees of the Union

As at 31 December 2015 the Union employed 16 full time equivalent employees.

### Superannuation trustees

Mr Dave Noonan is the Divisional Secretary of the Union and is a director of United Super Pty Ltd which acts as Trustee of C Bus. He is also a director of C Bus Property Pty Ltd.

Mr Frank O'Grady is a Divisional Assistant Secretary of the Union and is a director of United Super Pty Ltd which acts as Trustee of C Bus.

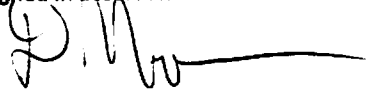
Ms Rita Mallia is a Divisional Executive Member and is a director of United Super Pty Ltd which acts as Trustee of C Bus.

Mr David Hanna was Divisional President of the Union until 21 August 2015. David was a director of BUSS (Queensland) Pty Ltd which acts as trustee of BUSS(Q).

No other officer or member of the Union acts:

- i) as a trustee of a superannuation entity of an exempt public sector superannuation scheme; or
- ii) as a director of a Company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Signed in accordance with a resolution of the Divisional Executive:



DAVE NOONAN  
Divisional Secretary

Dated 23 May 2016

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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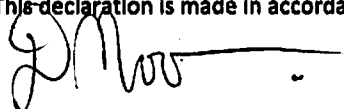
## Divisional Executive Statement

On 23 May 2016, the Divisional Executive of the Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the reporting unit"), passed the following resolution in relation to the general purpose financial report (GPFR) for the financial year ended 31 December 2015:

The Divisional Executive declares that in its opinion:

- (a) The financial statements and notes comply with the Australian Accounting Standards;
- (b) The financial statements and notes comply with the reporting guidelines of the General Manager of the Fair Work Commission (the "General Manager");
- (c) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) There are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) During the financial year to which the GPFR relates and since the end of that year:-
  - i) Meetings of the Divisional Executive were held in accordance with the rules of the Union; and
  - ii) The financial affairs of the reporting unit have been managed in accordance with the rules of the Union; and
  - iii) The financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 ('The RO Act') and the Fair Work (Registered Organisations) Regulations 2009; and
  - iv) 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 RO Act it 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 RO Act, there has been compliance.
- (f) During the financial year ended 31 December 2015 no revenue has been derived by the reporting unit from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Divisional Executive.



DAVE NOONAN  
Divisional Secretary



BRAD PARKER  
Divisional Assistant Secretary

Dated 23 May 2016

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 \$	2014 \$
Revenue	4	4,759,793	4,524,666
Other income	4	340,849	307,991
Administration expenses		(399,183)	(355,881)
Affiliation fees	5	(60)	(10,060)
Capitation fees	5	(867,796)	(928,036)
Conference and meeting expenses		(240,710)	(56,539)
Depreciation and amortisation	5	(177,787)	(206,638)
Donation expense	5	(18,389)	(87,025)
Employee benefits expense	5	(2,338,073)	(2,214,585)
Legal fees		(123,051)	(311,661)
Travel expenses		(482,871)	(406,917)
Other expenses		(500,296)	(640,997)
<b>Result for the year</b>		<b>(47,574)</b>	<b>(385,682)</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(47,574)</b>	<b>(385,682)</b>

The accompanying notes form part of these financial statements.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Balance Sheet

31 December 2015

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	887,280	1,233,893
Trade and other receivables	7	1,506,948	632,354
Other financial assets	8	2,604,254	3,071,599
Other assets	9	109,386	92,627
<b>TOTAL CURRENT ASSETS</b>		<b>5,107,868</b>	<b>5,030,473</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,399,055	3,517,574
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,399,055</b>	<b>3,517,574</b>
<b>TOTAL ASSETS</b>		<b>8,506,923</b>	<b>8,548,047</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,357,974	990,999
Employee benefits	13	936,657	825,606
Other liabilities	12	-	504,169
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,294,631</b>	<b>2,320,774</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	13	153,876	121,283
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>153,876</b>	<b>121,283</b>
<b>TOTAL LIABILITIES</b>		<b>2,448,507</b>	<b>2,442,057</b>
<b>NET ASSETS</b>		<b>6,058,416</b>	<b>6,105,990</b>
<b>EQUITY</b>			
Retained earnings		6,058,416	6,105,990
<b>TOTAL EQUITY</b>		<b>6,058,416</b>	<b>6,105,990</b>

The accompanying notes form part of these financial statements.



# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Statement of Changes in Equity

For the Year Ended 31 December 2015

	Retained Earnings	
	2015	2014
	\$	\$
Balance at 1 January	6,105,990	6,491,672
Result for the year	(47,574)	(385,682)
Balance at 31 December	<u>6,058,416</u>	<u>6,105,990</u>

The accompanying notes form part of these financial statements.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Statement of Cash Flows

For the Year Ended 31 December 2015

	Note	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Membership levies		4,134,789	4,880,277
Payments to suppliers and employees		(5,391,991)	(5,811,580)
Interest received		103,891	125,489
Other levies		388,880	1,391,696
Net cash (used by)/provided by operating activities	14	(764,431)	585,882
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of plant and equipment		11,819	8,875
Purchase of property, plant and equipment		(61,345)	(23,409)
Purchase of investments		-	(110,494)
Proceeds from investments		467,345	-
Net cash provided by/(used by) investing activities		417,819	(125,028)
Net (decrease)/increase in cash and cash equivalents held		(346,612)	460,854
Cash and cash equivalents at beginning of year		1,233,893	773,039
Cash and cash equivalents at end of financial year	6	887,281	1,233,893

The accompanying notes form part of these financial statements.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

The financial report covers the Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union") as an individual entity. The Union is a not-for-profit organisation.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

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

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

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

### 2 Summary of Significant Accounting Policies

#### (a) Revenue and other income

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

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

#### Membership subscriptions

All membership dues received from financial members are retained by the respective State Divisional Branches making up the Union

#### Capitation fees

Capitation fees revenue earned from the provision of services to the State Divisional Branches of the Union, are recognised on an accruals basis and is recorded as revenue in the year to which it relates.

#### Other income

Other income is recognised on an accruals basis when the Union is entitled to it.

# **Construction Forestry Mining and Energy Union, Construction and General Division – National Office**

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## **Notes to the Financial Statements**

**For the Year Ended 31 December 2015**

### **2 Summary of Significant Accounting Policies (Continued)**

#### **(a) Revenue and other income (Continued)**

##### **Sale of goods**

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

##### **Donations**

Donations and bequests are recognised as revenue when received.

##### **Interest revenue**

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

##### **Rental income**

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

##### **Levies**

On occasion, the Union is responsible for the collection of levies from State Divisional Branches of the Construction and General Division, on behalf of the CFMEU National Office. Whilst the cash flows are facilitated (and reported) through this Union, the substance and nature of these transactions are such that the Union is merely the conduit for the levy collection and hence only the net income or expense is reported in this financial report.

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

#### **(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 of losses.

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

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 2 Summary of Significant Accounting Policies (Continued)

#### (b) Property, plant and equipment (Continued)

##### Depreciation

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

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

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

Fixed asset class	Depreciation rate
Land and Buildings	2%
Furniture, Fixtures and Fittings	10 - 20%
Motor Vehicles	20%
Computer Equipment	20 - 30%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (c) Leases

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

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

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 2 Summary of Significant Accounting Policies (Continued)

#### (d) Financial Instruments

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

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

##### *Financial Assets*

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

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

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

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

##### *Loans and receivables*

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

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

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

Discounting is omitted where the effect of discounting is considered immaterial.

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

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 2 Summary of Significant Accounting Policies (Continued)

#### (d) Financial Instruments (Continued)

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

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

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Union has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the balance sheet at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

#### *Held-to-maturity investments*

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

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

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 2 Summary of Significant Accounting Policies (Continued)

#### (d) Financial Instruments (Continued)

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

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

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

Losses recognised in prior period consolidated statement of profit or loss and other comprehensive income statements resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

#### *Impairment of financial assets*

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

#### *Financial assets at amortised cost*

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

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

#### *Available-for-sale financial assets*

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.



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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 2 Summary of Significant Accounting Policies (Continued)

#### (d) Financial Instruments (Continued)

##### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Union uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

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

#### (e) Impairment of non-financial assets

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

Where this indicator exists and regardless for Indefinite life Intangible assets and Intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

#### (f) Employee benefits

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

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 2 Summary of Significant Accounting Policies (Continued)

#### (f) Employee benefits (Continued)

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

#### (g) 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.

#### (h) Economic dependence

The principle source of income for Construction Forestry Mining and Energy Union, Construction and General Division – National Office is capitation fees from its Divisions. Accordingly, the Union is economically dependent on the ability of the Divisions to continue to service the needs of its members on industrial and workplace matters.

#### (i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (j) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 2 Summary of Significant Accounting Policies (Continued)

**(k) Income tax**

No provision for income tax is necessary, as the Union (being a registered Industrial Trade Union) is exempt from income tax under s.50-15 of the Income Tax Assessment Act.

**(l) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

**(m) Related party disclosures**

Related party disclosures in this financial report are presented on an accruals basis. Whilst the financial records of the Union have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation, the balances and transactions reported in this financial report may differ to those recorded in the financial report of the counterparty reporting unit. This may arise due to timing differences in the respective recordkeeping of the related reporting units, for example, in the receipt of payments, correspondence in transit or the alternative categorisation of balances/transactions.

**(n) Adoption of new and revised accounting standards**

No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous financial year except for the following relevant standard, which has been adopted for the first time this financial year.

AASB 10 *Consolidated Financial Statements* redefines the concept of control. AASB 10 replaces the consolidation requirements of SIC-12 Consolidation-Special Purpose Entities and AASB 127 Consolidated and Separate Financial Statements and is effective for not-for-profit entities with annual reporting periods beginning on or after 1 January 2014. This standard did not have an impact on the Union.

**(o) Future Australian Accounting Standard Requirements**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Union has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Union where the standard is relevant:

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 2 Summary of Significant Accounting Policies (Continued)

#### (o) Future Australian Accounting Standard Requirements (Continued)

##### (i) AASB 9 Financial Instruments

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model. The standard is not applicable until 1 January 2018 but is available for early adoption.

Following the changes approved by the AASB in December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.

While the Union has yet to undertake a detailed assessment, it is expected that there will be no impact on the Union's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Union does not have any such liabilities.

The Union has not yet decided whether it should adopt AASB 9 before its mandatory date. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

##### (ii) AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

At this stage, the Union is not able to estimate the impact of the new rules on the Union's financial statements. The Union will make more detailed assessments of the impact over the next twelve months.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

#### Key estimates - impairment of property, plant and equipment

The Union assesses impairment at the end of each reporting period by evaluating conditions specific to the Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### Key estimates - provisions

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

#### Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

#### Key estimates - useful lives of depreciable assets

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

#### Key estimates - long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 4 Revenue and Other Income

	Note	2015 \$	2014 \$
Membership subscriptions	2(a)	-	-
Capitation fees by branch			
- Victoria and Tasmania		1,622,676	1,484,380
- New South Wales		793,805	743,178
- Queensland		955,053	941,624
- South Australia		130,612	141,520
- Western Australia		477,564	537,271
- Australian Capital Territory		90,200	96,275
		<b>4,069,910</b>	<b>3,944,248</b>
Attendance Fees		310,346	319,973
Computer costs reimbursed		6,637	4,172
Wage reimbursements		82,620	75,183
Advertising revenue		69,614	111,090
Donations		-	70,000
Divisional conference sponsorship		209,091	-
Legal fee recoveries		36	-
Other revenue		11,539	-
Compulsory levies/voluntary contributions	2(a)	-	-
Financial support from another reporting unit		-	-
		<b>4,759,793</b>	<b>4,524,666</b>
Other revenue			
Interest - Investment		103,891	122,424
Rental income		227,217	185,567
Gain on disposal of assets		9,741	-
		<b>340,849</b>	<b>307,991</b>
<b>Revenue</b>		<b>5,100,642</b>	<b>4,832,657</b>

Please refer to note 2(m) for further commentary in relation to the consistency of transactions and balances between reporting units.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 5 Result for the Year

The result for the year includes the following specific expenses:

	2015	2014
	\$	\$
<b>Employee expenses comprises:</b>		
<b>Holders of office:</b>		
- Wages and salaries	421,414	585,405
- Superannuation	45,987	47,050
- Leave and other entitlements	64,334	(107,209)
- Separation and redundancies	11,700	11,775
- Other employee expenses	38,113	69,104
	<b>581,548</b>	<b>606,125</b>
<b>Employees other than office holders:</b>		
- Wages and salaries	1,352,223	1,345,849
- Superannuation	162,440	147,116
- Leave and other entitlements	118,400	(5,222)
- Separation and redundancies	31,965	33,455
- Other employee expenses	91,497	87,262
	<b>1,756,525</b>	<b>1,608,460</b>
<b>Total employee expense</b>	<b>2,338,073</b>	<b>2,214,585</b>
<b>Capitation fees: CFMEU National</b>	<b>867,796</b>	<b>928,036</b>
<b>Affiliation fees</b>		
- Sponsorship of catalyst	-	10,000
- Asbestos disease foundation	60	60
	<b>60</b>	<b>10,060</b>
<b>Administration expenses</b>		
- Consideration to employers for payroll deductions	-	-
- Compulsory Levies - ACTU IR Levy	137,970	135,468
- Conference and meeting expenses	240,710	56,539
- Fees/ allowances - meeting and conferences	-	-

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 5 Result for the Year (Continued)

The result for the year includes the following specific expenses: (Continued)

	Note	2015 \$	2014 \$
<b>Grants or donations:</b>			
- Grants - total paid that were \$1,000 or less		-	-
- Grants - total paid that were more than \$1,000		-	-
- Donations - total paid that were \$1,000 or less		1,389	25
- Donations - total paid that were more than \$1,000		17,000	87,014
		<b>18,389</b>	<b>87,039</b>
<b>Depreciation and amortisation</b>			
- Land and buildings		123,082	134,470
- Property plant and equipment		54,705	72,168
		<b>177,787</b>	<b>206,638</b>
<b>Legal costs</b>			
- Litigation		104,685	100,936
- Other legal matters		9,070	2,545
- Royal Commission costs		1,022,695	1,013,056
- Costs reimbursed by CFMEU Reporting Units	2(a)	(1,013,399)	(804,876)
		<b>123,051</b>	<b>311,661</b>
Loss on disposal on fixed assets		-	3,210
Penalties - via RO act or RO regulations		-	-

### 6 Cash and Cash Equivalents

Cash on hand	1,554	1,554
Cash at bank	85,198	426,482
Other cash and cash equivalents	800,528	805,857
	<b>887,280</b>	<b>1,233,893</b>



# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 7 Trade and Other Receivables

	2015	2014
	\$	\$
CURRENT		
Capitation fees receivable	38,533	-
Other receivables	1,468,415	632,354
	<u>1,506,948</u>	<u>632,354</u>

#### (a) Receivables from other Reporting Units:

New South Wales Branch	224,244	70,376
Victoria and Tasmania Branch	443,390	-
Queensland Branch	435,681	192,802
South Australia Branch	34,850	3,367
CFMEU National	200,414	-

*The above reflects the net amount receivable after accounting for amounts payable recorded in notes 11 and 12.*

*Please refer to note 2(m) for further commentary in relation to the consistency of transactions and balances between reporting units.*

### 8 Other Financial Assets

#### CURRENT

Held-to-maturity financial assets	<u>2,604,254</u>	<u>3,071,599</u>
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### 9 Other Assets

#### CURRENT

Prepayments	105,622	88,863
Accrued income	3,764	3,764
	<u>109,386</u>	<u>92,627</u>

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 10 Property, Plant and Equipment

	Note	2015 \$	2014 \$
Freehold land - at cost		250,000	250,000
<b>Buildings</b>			
At cost		4,977,378	4,977,378
Accumulated depreciation		(1,477,136)	(1,354,054)
Impairment provision	10(b)	(476,123)	(476,123)
		<u>3,024,119</u>	<u>3,147,201</u>
<b>Total land and buildings</b>		<u>3,274,119</u>	<u>3,397,201</u>
<b>Furniture, fixtures and fittings</b>			
At cost		105,694	105,694
Accumulated depreciation		(75,470)	(60,916)
		<u>30,224</u>	<u>44,778</u>
<b>Motor vehicles</b>			
At cost		96,902	86,745
Accumulated depreciation		(42,158)	(51,917)
		<u>54,744</u>	<u>34,828</u>
<b>Computer equipment</b>			
At cost		382,891	363,544
Accumulated depreciation		(342,923)	(322,777)
		<u>39,968</u>	<u>40,767</u>
<b>Total plant and equipment</b>		<u>124,936</u>	<u>120,373</u>
<b>Total property, plant and equipment</b>		<u>3,399,055</u>	<u>3,517,574</u>

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 10 Property, Plant and Equipment (Continued)

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

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

	Land and buildings	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2014	3,531,671	56,407	64,114	60,686	3,712,878
Additions	-	2,790	-	20,619	23,409
Disposals	-	-	(11,391)	(684)	(12,075)
Depreciation expense	(134,470)	(14,419)	(17,895)	(39,854)	(206,638)
<b>Balance at 31 December 2014</b>	<b>3,397,201</b>	<b>44,778</b>	<b>34,828</b>	<b>40,767</b>	<b>3,517,574</b>
Additions	-	-	41,998	19,347	61,345
Disposals	-	-	(2,077)	-	(2,077)
Depreciation expense	(123,082)	(14,554)	(20,005)	(20,146)	(177,787)
<b>Balance at 31 December 2015</b>	<b>3,274,119</b>	<b>30,224</b>	<b>54,744</b>	<b>39,968</b>	<b>3,399,055</b>

#### (b) Provision for Impairment

As at 31 December 2008, the Union recognised an impairment loss of \$702,755 against the property situated at 276 Pitt Street Sydney.

An Independent valuation of this property was sought in respect of the 31 December 2012 financial year-end. The valuation, effective 19 February 2013, indicated that the market value of the property at that date for financial reporting purposes was \$3,150,000. This was \$226,632 more than the carrying value as at 31 December 2012, resulting in the part reversal of this previous impairment loss.

As at 31 December 2015 the Divisional Executive reviewed the key assumptions in respect of this property and concluded that the relevant assumptions made remain materially unchanged and, accordingly, the carrying value remains consistent with that valuation, net of depreciation.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 11 Trade and Other Payables

	2015	2014
	\$	\$
<b>CURRENT</b>		
Trade payables	404,645	295,840
Sundry payables and accrued expenses	953,329	695,159
	<b>1,357,974</b>	<b>990,999</b>

#### (a) Payables to other reporting units (including amounts in note 12):

Australian Capital Territory Branch	109,373	12,506
New South Wales Branch	9,894	-
CFMEU Mining and Energy Division	11,928	1,614
Victoria and Tasmania Branch	142	390,240
Western Australia Branch	113,334	143,510
CFMEU National Office	546,241	262,166

*The above reflects the net amount payable, after accounting for amounts receivable recorded in note 7 and received in advance in note 12.*

*Please refer to note 2(m) for further commentary in relation to the consistency of transactions and balances between reporting units.*

#### (b) Amounts included in trade payables:

Legal costs	757,531	592,719
Consideration to employers for payroll deductions	-	-

### 12 Other liabilities

<b>CURRENT</b>		
Amounts received in advance	-	504,169

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 13 Employee Benefits

	2015	2014
	\$	\$
<b>CURRENT</b>		
Employee benefits	936,657	825,606
<b>NON-CURRENT</b>		
Employee benefits	153,876	121,283
<b>(a) Employee benefits attributable to:</b>		
<b>Office Holders:</b>		
Annual leave	112,628	82,340
Long service leave	162,365	137,483
Separation and redundancies	-	-
Other	19,305	10,139
	294,298	229,962
<b>Employees other than office holders:</b>		
Annual leave	309,708	268,667
Long service leave	459,333	422,436
Separation and redundancies	-	-
Other	27,194	25,824
	796,235	716,927
	1,090,533	946,889

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 14 Cash Flow Information

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

	2015	2014
	\$	\$
Result for the year	(47,574)	(385,682)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	177,787	206,638
- net (profit)/loss on disposal of property, plant and equipment	(9,741)	3,210
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(874,594)	17,362
- (increase)/decrease in other assets	(16,759)	86,481
- increase/(decrease) in trade and other payables	177,250	648,257
- increase/(decrease) in provisions	143,644	(112,441)
- increase/(decrease) in funds received in advance	(314,444)	122,057
Cashflow from operations	<u>(764,431)</u>	<u>585,882</u>

(b) Cash flow Information

Net cash flows relating to reporting units (Incl. GST):

Victoria and Tasmania Branch	2,291,989	2,472,787
New South Wales Branch	1,322,744	1,232,184
Queensland Branch	1,594,724	1,088,116
Western Australia Branch	868,882	818,810
Australian Capital Territory Branch	206,627	162,618
Queensland Labourers Branch	-	174,993
South Australia Branch	231,419	204,833
CFMEU National Office	(2,850,919)	(2,165,140)
CFMEU Mining and Energy Division	5,002	14,999
CFMEU Forestry and Furnishing Products	(7,898)	1,812
Total	<u>3,662,570</u>	<u>4,006,012</u>

Please refer to note 2(m) for further commentary in relation to the consistency of transactions and balances between reporting units.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 15 Interests of Key Management Personnel

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

	2015	2014
	\$	\$
Short-term employee benefits	495,814	464,585
Long-term benefits	24,882	12,382
Post-employment benefits	45,987	42,800
Termination benefits	11,700	11,700
	<u>578,383</u>	<u>531,467</u>

#### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 17: Related Party Transactions.

### 16 Remuneration of Auditors

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

- audit and other assurance services	29,700	28,900
- taxation services	850	2,200
- other accounting services	10,000	3,500
Total remuneration of Daley & Co	<u>40,550</u>	<u>34,600</u>

### 17 Related Party Information

The Union's main related parties are as follows:

#### (a) Key management personnel

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

For details of remuneration disclosures relating to key management personnel, refer to Note 15: Interests of Key Management Personnel (KMP).

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 17 Related Party Information (Continued)

#### (b) Other related parties

All Reporting Units of the Construction Forestry Mining and Energy Union (CFMEU) are considered to be related parties. Reporting Units are defined in Section 242 of the Fair Work (Registered Organisations) Act 2009 ("the RO Act").

#### (c) Related Party Transactions

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

From time to time the Union makes expenditures which relate to itself as well as other Reporting Units of the CFMEU. These expenditures are then reimbursed to the Union at cost hence they are not considered to be related party transactions.

*Please refer to note 2(m) for further commentary in relation to the consistency of transactions and balances between reporting units.*

#### Transaction with related parties:

##### (i) Capitation fees charged (excluding GST)

Refer to Note 4.

##### (ii) Campaign levies (incl GST)

	2015	2014
	\$	\$
Opening balance	122,057	-
<b>Received from reporting units:</b>		
New South Wales	202,522	157,326
Victoria and Tasmania	-	341,900
Australian Capital Territory	19,750	19,747
South Australia	-	28,284
Western Australia	124,802	124,800
Queensland Branch	122,230	-
	<b>469,304</b>	<b>672,057</b>
Payment made to CFMEU National Office	<b>(550,000)</b>	<b>(550,000)</b>
Balance payable	<b>41,361</b>	<b>122,057</b>



# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 17 Related Party Information (Continued)

#### (c) Related Party Transactions (Continued)

##### (ii) Campaign levies (incl GST) (Continued)

This is represented by net amounts owing/(receivable) as follows:

	Note	2015 \$	2014 \$
New South Wales		(42,479)	(7,740)
Victoria and Tasmania		162,205	390,707
Queensland		(115,091)	(65,216)
Australian Capital Territory		122,064	17,051
South Australia		(17,435)	22,054
Western Australia		35,122	72,686
CFMEU National Office		(103,025)	(307,485)
Balance payable		<u>41,361</u>	<u>122,057</u>
<i>(iii) Rental income</i>			
New South Wales Branch		<u>71,295</u>	<u>69,955</u>
<i>(iv) Donation income</i>			
Victoria and Tasmania Branch		-	60,000
Queensland Branch		-	5,000
CFMEU Mining and Energy Division		-	5,000
		<u>-</u>	<u>70,000</u>
<i>(v) Amounts received for the reimbursement of employees wages</i>			
Victoria and Tasmania Branch		<u>82,620</u>	<u>75,183</u>
<i>(vi) Capitation fees expense</i>			
CFMEU National Office	5	<u>867,796</u>	<u>928,036</u>

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 17 Related Party Information (Continued)

#### (c) Related Party Transactions (Continued)

##### *(vii) Rent expense and outgoings*

		2015 \$	2014 \$
	Note		
CFMEU Mining and Energy Division		<u>118,086</u>	<u>115,594</u>
<i>(viii) Transfer of leave accrual</i>			
Queensland Branch	2(a)	<u>39,092</u>	<u>-</u>
<i>(ix) Donations expense</i>			
South Australia Branch		-	5,000
New South Wales Branch		<u>50</u>	<u>-</u>
		<u>50</u>	<u>5,000</u>

#### (d) Related Party Balances

##### *(i) Trade and other receivables*

Refer to Note 7(a).

##### *(ii) Trade and other payables*

Refer to Note 11(a).

### 18 Financial Risk Management

The main risks Construction Forestry Mining and Energy Union, Construction and General Division – National Office is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

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

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

ABN: 46 243 168 565

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 18 Financial Risk Management (Continued)

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

	Note	2015 \$	2014 \$
<b>Financial Assets</b>			
Cash and cash equivalents	6	887,280	1,233,893
Held-to-maturity investments	8	2,604,254	3,071,599
Trade and other receivables	7	1,506,948	632,354
<b>Total financial assets</b>		<b>4,998,482</b>	<b>4,937,846</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	11	1,357,974	990,999
<b>Total financial liabilities</b>		<b>1,357,974</b>	<b>990,999</b>

#### (a) Credit risk

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

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

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

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

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

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

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 18 Financial Risk Management (Continued)

#### (b) Credit risk - Trade and Other Receivables

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

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

	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			< 30 \$	31-60 \$	61-90 \$	> 90 \$	
<b>2015</b>							
Trade and term receivables	38,533	-	-	-	-	-	38,533
Other receivables	1,468,415	-	-	139,196	132,889	191,796	1,004,534
<b>Total</b>	<b>1,506,948</b>	<b>-</b>	<b>-</b>	<b>139,196</b>	<b>132,889</b>	<b>191,796</b>	<b>1,043,067</b>
<b>2014</b>							
Other receivables	632,354	-	7,259	-	3,582	-	621,513
<b>Total</b>	<b>632,354</b>	<b>-</b>	<b>7,259</b>	<b>-</b>	<b>3,582</b>	<b>-</b>	<b>621,513</b>

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

The other classes of receivables do not contain impaired assets.

#### (c) Liquidity Risk - Financial Liability

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the balance sheet due to the effect of discounting.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 18 Financial Risk Management (Continued)

#### (c) Liquidity Risk - Financial Liability (Continued)

##### *Financial liability maturity analysis - Non-derivative*

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>								
Trade and other payables	1,168,249	990,999	-	-	-	-	1,168,249	990,999

The timing of expected outflows is not expected to be materially different from contracted cashflows.

#### (d) Market risk

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

##### (i) Interest rate risk

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

##### *Sensitivity analysis*

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

A 1% increase or decrease in interest rates would impact equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	Profit		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2015	29,720	(29,720)	29,720	(29,720)
2014	36,634	(36,634)	36,634	(36,634)

The sensitivity analysis is performed on the same basis as in 2014.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 19 Fair Value Measurement

#### Net Fair Values

##### *Fair value estimation*

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

### 20 Capital Management

Management controls the capital of the Union in order to safeguard their ability to continue as a going concern, so that they can fund its operations.

There are no externally imposed capital requirements.

### 21 Capital and leasing commitments

#### Operating leases

	2015	2014
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	131,065	128,621
- between one year and five years	120,293	246,671
	<u>251,358</u>	<u>375,292</u>

The Union has a lease for the premises it occupies at Level 9, 215-217 Clarence Street Sydney. The term of the lease is 5 years and expires on 30 November 2017.

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 22 Lessor Commitments

#### *Operating lease commitments receivable - Union as lessor*

Construction Forestry Mining and Energy Union, Construction and General Division – National Office leases out its investment property under commercial leases. These non-cancellable leases have terms between 3 and 10 years. All leases include an option for Construction Forestry Mining and Energy Union, Construction and General Division – National Office to increase rent to current market rental on an annual basis.

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

	2015	2014
	\$	\$
- no later than 1 year	250,489	246,515
- between 1 year and 5 years	244,490	487,171
Total minimum lease payments	<u>494,979</u>	<u>733,686</u>

### 23 Contingent Liabilities and Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable:

The Union has provided a guarantee to its  
bankers in relation to a banking facility

<u>51,000</u>	<u>51,000</u>
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In addition, as an organisation, the Construction Forestry Mining and Energy Union, Construction and General Division – National Office may be liable to contribute funds to the settlement of legal costs on behalf of branches.

### 24 Events after the end of the Reporting Period

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

# **Construction Forestry Mining and Energy Union, Construction and General Division – National Office**

**ABN: 46 243 168 565**

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## **Notes to the Financial Statements**

**For the Year Ended 31 December 2015**

### **25 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009**

As required under the reporting guidelines provided for under section 255 of the Fair Work (Registered Organisations) Act 2009, It is confirmed that:

1. The Union's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit; and
2. The Union has not agreed or does not have an agreement to provide financial support to another reporting unit to ensure its ability as a going concern; and
3. The Union has not acquired an asset or liability as a result of amalgamation, restructure or alternative reporting unit determination or revocation.

### **26 Section 272 Fair Work (Registered Organisations) Act 2009**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of the members is drawn to the provisions of subsections (1) and (3) of section 272, which reads as follows:-

Information to be provided to members or the General Manager of the Fair Work Commission:

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



**Independent Audit Report to the members of****Construction Forestry Mining and Energy Union, Construction and General Division – National Office****Report on the Financial Report**

We have audited the accompanying financial report of Construction Forestry Mining and Energy Union, Construction and General Division – National Office, which comprises the balance sheet as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the divisional executive statement.

**Divisional Executive's Responsibility for the Financial Report**

The Divisional Executive are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 (the 'RO Act') and for such internal control as the Divisional Executive determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Union's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Divisional Executive, as well as evaluating the overall presentation of the financial report.

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

**Independence**

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

**Independent Audit Report to the members of****Construction Forestry Mining and Energy Union, Construction and General Division – National Office****Opinion**

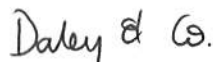
In our opinion the financial report is presented fairly, in all material respects, the financial position of Construction Forestry Mining and Energy Union, Construction and General Division – National Office ("the Union"), as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with:

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

The scope of our audit did extend to recovery of wages activity, however as noted in the Divisional Executive Statement, no such activity was undertaken during the reporting period.

I declare that I am an approved auditor, a member of the Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

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



Daley & Co  
Chartered Accountants



Michael Mundt  
Partner

23 May 2016

Wollongong

Liability limited by a scheme approved under Professional Standards Legislation

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

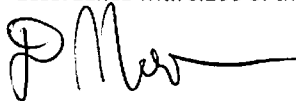
ABN: 46 243 168 565

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## Designated Officer's Certificate

I, Dave Noonan being the District President of the Construction Forestry Mining and Energy Union, Construction and General Division – National Office, certify:

- that the documents lodged herewith are copies of the full report for the Construction Forestry Mining and Energy Union, Construction and General Division – National Office for the period ended 31 December 2015 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 23 May 2016; and
- that the full report was presented to a meeting of the Divisional Executive of the reporting unit on 23 May 2016 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Dave Noonan  
Divisional Secretary

Dated 23 May 2016

# Construction Forestry Mining and Energy Union, Construction and General Division – National Office

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## Additional Disclosures Under the Rules of the Union

For the Year Ended 31 December 2015

### DISCLOSURES OF OFFICERS' REMUNERATION AND NON-CASH BENEFITS

Pursuant to Rule 24B of the Union's Rules, the Divisional Executive make the following disclosures of Officer Remuneration and non-cash benefits received for the 2015 calendar year ("the disclosure period"):

(a) The two highest paid officers of the Association for the financial year, and their remuneration, were as follows:

	Dave Noonan (Divisional Secretary)	Brad Parker (Divisional Assistant Secretary)	Total
Salary and allowances	162,383	146,877	309,260
Movement in annual and long service leave provisions	23,191	26,361	49,552
Superannuation	16,431	14,778	31,209
Redundancy	3,900	3,900	7,800
	<u>205,905</u>	<u>191,916</u>	<u>397,821</u>

In addition, these officers are each provided with a fully maintained motor vehicle (non-cash benefit).

(b) No remuneration or non-cash benefits had been received by Officers of the Association from a Board position attained because of their position with the Union

In accordance with Rule 24C, no Officers have any material personal interest in a matter acquired by the Officer, their relative or their business associates, which relate to the affairs of the Union

In accordance with Rule 24D, refer to Note 17 for payments made by the Union to related parties. There were no payments made to a declared person or body of the Union during the disclosure period