CFMEU

CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION – NATIONAL OFFICE

ABN 46 243 168 565

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

CONTENTS

CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION – NATIONAL OFFICE
COMMITTEE OF MANAGEMENT OPERATING REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Operating Report

The Committee of Management ("the Committee") presents its Operating Report on the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division – National Office ("Union"), for the year ended 31 March 2019.

Principal Activities

The principal activities of the Union, fall into the following categories:

- 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 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 advices 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 database.
- 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 to the nature of those activities during the period.

Operating Results

The operating surplus for the financial year amounted to $4,241,490 (31 March 2018: $375,154 deficit)

Significant Changes in Financial Affairs

There was no significant change in the financial affairs of the Union during the year.

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.

Environmental Issues

The Union's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a state or territory.

Members Right to Resign

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

Officers or Members who are Superannuation Fund Trustees / Director of a Company that is a Superannuation Fund Trustee

Those who hold a position of trustee or director of an entity, scheme or company as described in s.254(2)(d) of the *Fair Work (Registered Organisations) Act 2009*, where a criterion of such entity is that the holder of such position must be a member or official of a registered organisation are as follows:

Dave Noonan	- Divisional Secretary of the Union - Director of United Super Pty Ltd which acts as Trustee of C Bus - Director of C Bus Property Pty Ltd
Frank O'Grady	- Former Assistant Divisional Secretary of the Union - Director of United Super Pty Ltd which acts as Trustee of C Bus
Rita Mallia	- Former Divisional Executive Member of the Union - Director of United Super Pty Ltd which acts as Trustee of C Bus

Number of Members

The number of financial members at the end of the financial period recorded in the register of members was 68,327 (31 March 2018: 65,531).

Number of Employees

The number of full-time equivalent employees of the Union at the end of the financial year was 14 (2018: 14).

Indemnifying Officers or Auditors

The Union has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against liability for the costs or expenses to defend legal proceedings.

Wages Recovery Activity

The Union has not undertaken any recovery of wages activity for the financial years ended 31 March 2019 and 31 March 2018.

FOR THE YEAR ENDED 31 MARCH 2019

Members of the Committee of Management

The name of each person who has been a member of the committee of management of the Union at any time during the reporting period, and the period for which he or she held such a position is as follows:

Names	Position	Period of appointment
Dave Noonan	Divisional Secretary	1/4/18 - 31/3/19
Andrew Sutherland	Divisional Assistant Secretary	1/4/18 - 31/3/19
Nigel Davies	Divisional Assistant Secretary	1/4/18 - 31/3/19
Jade Ingham	QLD Divisional Executive Member	1/4/18 - 02/7/18
Jade Ingham	Divisional President	2/7/18 - 31/3/19
John Setka	Senior Divisional Vice President	1/4/18 - 24/10/18
Rob Kera	Senior Divisional Vice President	24/10/18 - 31/3/19
Shaun Reardon	Divisional Vice President	1/4/18 - 31/3/19
John Setka	VIC-TAS Divisional Executive Member	24/10/18 - 31/3/19
Elias Spernovasilis	VIC-TAS Divisional Executive Member	1/4/18 - 31/3/19
Darren Greenfield	NSW Divisional Executive Member	1/4/18 - 31/3/19
Michael Greenfield	NSW Divisional Executive Member	1/4/18 - 31/3/19
Michael Ravbar	QLD Divisional Executive Member	1/4/18 - 31/3/19
Kane Lowth	QLD Divisional Executive Member	24/10/18 – 31/3/19
Mick Buchan	WA Divisional Executive Member	1/4/18 - 31/3/19
Jason O'Mara	ACT Divisional Executive Member	1/4/18 – 31/3/19
Aaron Cartledge	SA Divisional Executive Member	1/4/18 – 27/6/18

This report is made in accordance with a resolution of the Committee of Management and is signed for and on behalf of the Committee of Management by:

Name of Designated Officer: **Dave Noonan**

Title of Designated Officer: Divisional Secretary

Signature: ....

Date: 21 August 2019

CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION – NATIONAL OFFICE
COMMITTEE OF MANAGEMENT STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

On 21 August 2019, the Committee of Management of the Construction, Forestry, Maritime, Mining & Energy Union, Construction & General Division – National Office ("Union") passed the following resolution to the General Purpose Financial Report (GPFR) of the reporting unit for the year ended 31 March 2019.

The Committee of Management declares that in its opinion:

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

(b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the *RO Act*);

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

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

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

i. meetings of the Committee of Management were held in accordance with the rules of the organisation and the rules of the Union concerned; and

ii. the financial affairs of the Union have been managed in accordance with the rules of the organisation including the rules of the Union concerned; and

iii. the financial records of the Union have been kept and maintained in accordance with the *RO Act;* and

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

v. where information has been sought in any request of a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and

vi. where any order for inspection of the financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

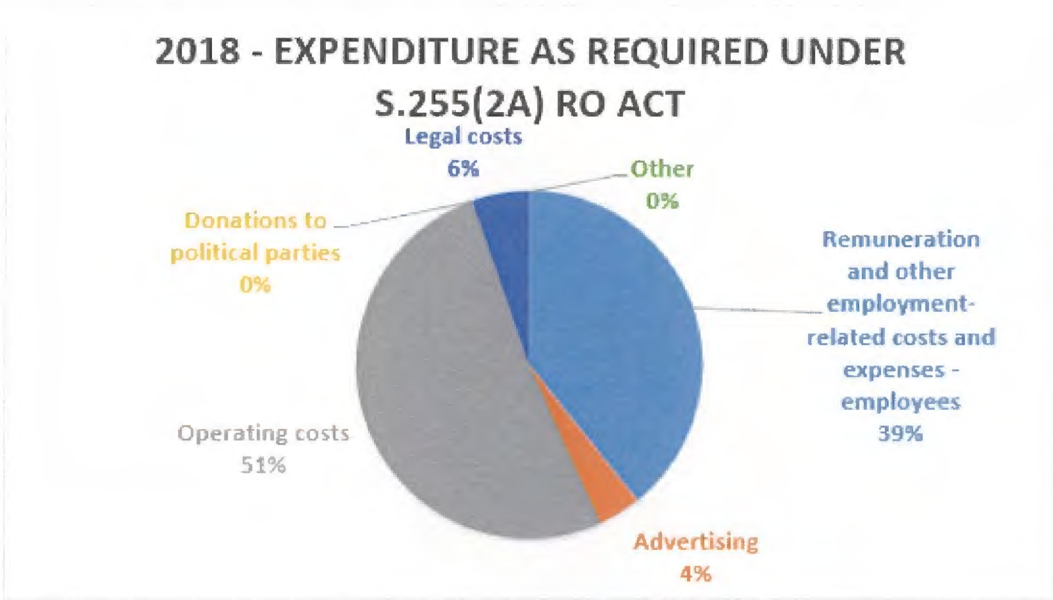
This declaration is made in accordance with a resolution of the Committee of Management.

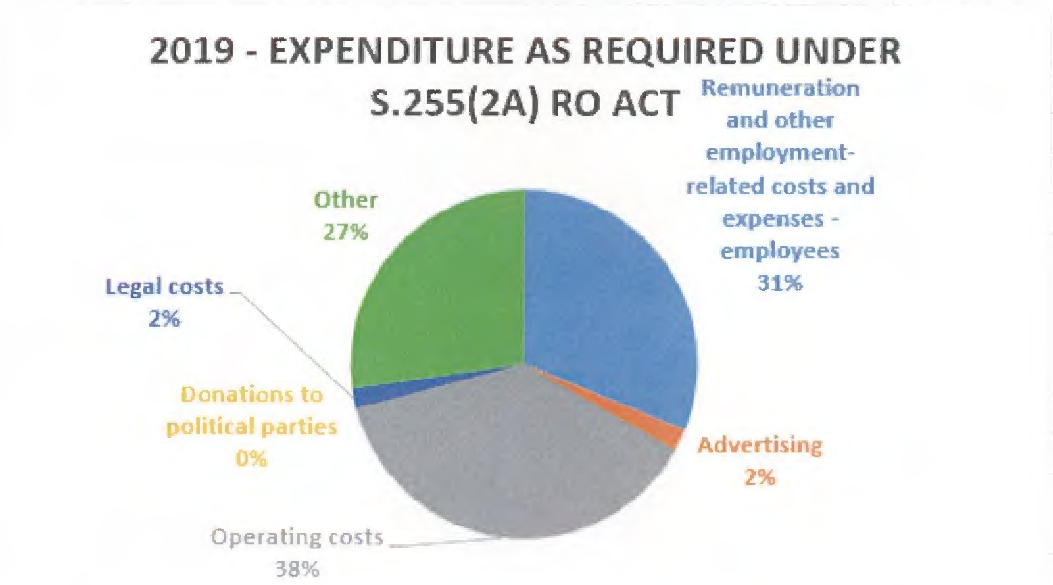
Name of Designated Officer:	**Dave Noonan**
Title of Designated Officer:	Divisional Secretary
Signature:	....
Date:	21 August 2019

CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION – NATIONAL OFFICE
REPORT REQUIRED UNDER SUBSECTION 255(2A)

FOR THE YEAR ENDED 31 MARCH 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 March 2018 and 31 March 2019.





Name of Designated Officer:	**Dave Noonan**
Title of Designated Officer:	Divisional Secretary
Signature:	
Date:	21 August 2019

CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION – NATIONAL OFFICE
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	31 March 2019 $	31 March 2018 $
Revenue			
Membership subscription		-	-
Capitation fees	3A	4,441,466	4,020,181
Levies	3B	555,333	690,709
Interest	3C	145,447	36,469
Other revenue	3F	581,626	976,650
Total revenue		5,723,872	5,724,009
Other Income			
Grants and/or donations	3E	2,000,000	-
Net gains from sale of assets	3D	4,027,174	2,012
Total other income		6,027,174	2,012
Total income		11,751,046	5,726,021
Expenses			
Employee expenses	4A	2,286,367	2,300,929
Capitation fees	4B	1,151,150	1,124,585
Affiliation fees		-	-
Administration expenses	4C	180,156	424,767
Grants or donations	4D	2,011,415	21,923
Depreciation and amortisation	4E	99,489	188,171
Finance costs	4F	1,888	2,176
Legal costs	4G	140,488	319,961
Accounting and audit fees	4H	47,209	72,447
Other expenses	4I	1,591,394	1,646,216
Total expenses		7,509,556	6,101,175
Surplus (deficit) for the year		4,241,490	(375,154)
Other comprehensive income		-	-
Total comprehensive income for the year		4,241,490	(375,154)

The above statement should be read in conjunction with the notes.

CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION – NATIONAL OFFICE
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	31 March 2019 $	31 March 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	5A	3,671,562	328,524
Trade and other receivables	5B	1,812,528	1,229,903
Other current assets	5C	422,774	333,973
Financial assets	5D	5,000,000	1,500,000
Non-current assets held for sale – land and buildings		-	3,048,334
Total current assets		10,906,864	6,440,734
Non-Current Assets			
Trade and other receivables	5B	397,902	-
Property, plant and equipment	5E	302,841	265,148
Total non-current assets		700,743	265,148
Total assets		11,607,607	6,705,882
LIABILITIES			
Current Liabilities			
Trade and other payables	6A	723,334	286,866
Employee provisions	6B	744,020	810,844
Other liabilities	6C	471,729	168,940
Total current liabilities		1,939,083	1,266,650
Non-Current Liabilities			
Employee provisions	6B	21,419	33,617
Total non-current liabilities		21,419	33,617
Total liabilities		1,960,502	1,300,267
Net assets		9,647,105	5,405,615
EQUITY			
Retained earnings		9,647,105	5,405,615
Total equity		9,647,105	5,405,615

The above statement should be read in conjunction with the notes.

CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION – NATIONAL OFFICE
STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2019

	Retained Earnings - General Funds $	Total $
Balance as at 1 April 2017	5,780,769	5,780,769
Surplus (deficit) for the period	(375,154)	(375,154)
Other comprehensive income for the year	-	-
Closing balance as at 31 March 2018	**5,405,615**	**5,405,615**
Surplus (deficit) for the year	4,241,490	4,241,490
Other comprehensive income for the year	-	-
Closing balance as at 31 March 2019	**9,647,105**	**9,647,105**

The above statement should be read in conjunction with the notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	31 March 2019 $	31 March 2018 $
OPERATING ACTIVITIES			
Capitation fees received		4,885,613	5,508,613
Payments to suppliers and employees		(7,678,589)	(8,480,809)
Interest received		145,447	36,469
Other receipts		2,552,241	1,842,604
Net cash from (used by) operating activities	7A	(95,288)	(1,093,123)
INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		31,671	18,280
Proceeds from sale of assets held for sale		7,075,508	-
Purchase of plant and equipment		(168,853)	(132,239)
Net (purchase)/ proceeds from investments		(3,500,000)	583,580
Net cash from (used by) investing activities		3,438,326	469,621
FINANCING ACTIVITIES			
Net cash used by financing activities		-	-
Net increase (decrease) in cash held		3,343,038	(623,502)
Cash & cash equivalents at the beginning of the reporting period.		328,524	952,026
Cash & cash equivalents at the end of the reporting period	5A	3,671,562	328,524

The above statement should be read in conjunction with the notes.

INDEX TO THE NOTES OF THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. The Construction, Forestry, Maritime, Mining & Energy Union Construction and General Division – National Office ('Union') is a not-for-profit entity. The Union has applied the Tier 1 reporting requirements as per the Australian Accounting Standard AASB 1053 *Application of Tiers of Australian Accounting Standards*.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

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

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

<u>Key estimates and judgements</u>

Impairment of property, plant and equipment
The Union assesses impairment at each reporting period by evaluation of conditions and events specific to the Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are assessed using value-in-use calculations which incorporate various key assumptions. No impairment has been recognised in respect of the current year.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Significant accounting judgements and estimates (continued)

Useful lives of property, plant and equipment
Property, plant and equipment are depreciated over the useful life of the asset and the depreciation rates are assessed when the assets are acquired or when there is a significant change that affects the remaining useful life of the asset.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The Union has adopted AASB 9: *Financial Instruments* with a date of initial application of 1 April 2018. As a result, the Union has changed its financial instruments accounting policies as detailed in the significant accounting policies note.

There has been no significant impact on the financial statements as a result of adoption of AASB 9. AASB 9 requires retrospective application with some exceptions.

Disclosure: Initial application of AASB 9

There were no financial assets/liabilities which the Union had previously designated as fair value through profit or loss under AASB 139: *Financial Instruments: Recognition and Measurement* that were subject to reclassification/elected reclassification upon the application of AASB 9.

The Union applied AASB 9 (as revised in July 2014) and the related consequential amendments to other AASBs. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the entity's business model and the cash flow characteristics of the financial assets, as follows:

- debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;

- debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income; and

- all other debt investments and equity investments are measured at fair value through profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

Disclosure: Initial application of AASB 9 (continued)

Despite the issues mentioned above, the entity may make irrevocable election at initial recognition of a financial asset as follows:

- the entity may choose to present subsequent changes in fair value of an equity investment that is not held for trading and not a contingent consideration in a business combination in other comprehensive income; and
- the entity may choose to present a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if this choice significantly reduces an accounting mismatch.

When an equity investment at fair value through other comprehensive income has a gain or loss previously recognised in other comprehensive income, it is not reclassified to profit or loss. However, when a debt investment at fair value through other comprehensive income is derecognised, the gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

The Committee of Management of the Union determined the existing financial assets as at 1 April 2018 based on the facts and circumstances that were present and determined that the initial application of AASB 9 had the following effect:

- financial assets as held-to-maturity that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding; and
- financial assets measured at fair value through profit or loss (AASB 139) are still measured as such under AASB 9.

This note contains a table that shows the effect of classification of the financial assets upon initial application.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the Union to account for expected credit losses since initial recognition.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 New Australian Accounting Standards (continued)

Adoption of New Australian Accounting Standard requirements (continued)

Disclosure: Initial application of AASB 9 (continued)

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to 12-month expected credit losses are used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

A simple approach is followed in relation to trade receivables as the loss allowance is measured at lifetime expected credit loss.

Given that the only financial assets to which the impairment provision applies are trade and other receivables, the Union uses the simplified approach and recognises lifetime expected credit loss. This change in approach did not materially impact the expected provision and as such no adjustment was made.

Classification and measurement of financial liabilities

AASB 9 determines that the measurement of financial liabilities and also the classification relates to changes in the fair value designated as FVTPL attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained earnings when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 requires the fair value amount of the change of the financial liability designated as at FVTPL to be presented in profit or loss.

The application of AASB 9 has had no impact on the classification and measurement of the Union's financial liabilities.

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 April 2018. There has been no change to the carrying value of the Union's financial assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 New Australian Accounting Standards (continued)

Adoption of New Australian Accounting Standard requirements (continued)

Disclosure: Initial application of AASB 9 (continued)

	Financial instrument category	
	AASB 139 Original	**AASB 9 New**
Financial assets		
Current and non-current		
Accounts receivable and other debtors	Loans and receivables (amortised cost)	Financial assets at amortised cost
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost
Government and fixed interest securities	Held-to-maturity	Financial assets at amortised cost
Financial liabilities		
Current and non-current		
Accounts payable and other payables	Amortised cost	Financial liabilities at amortised cost

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

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 New Australian Accounting Standards (Continued)

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on the Union include:

AASB 15: Revenue from Contracts with Customers
(applicable for annual reporting periods beginning on or after 1 January 2019 for NFP entities)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with the customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to perform obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The Committee of Management are currently still quantifying the impact that AASB 15 will have on the financial statements.

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 New Australian Accounting Standards (Continued)

AASB 16: Leases
(applicable for annual reporting periods beginning on or after 1 January 2019)

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or unlikely to exercise an option to terminate the lease.

The Committee of Management have considered the application of this standard and do not believe the value of the assets and liabilities to be recognised will vary significantly from the commitments receivable disclosed in Note 9.

AASB 1058: Income for Not-for-profit entities
AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities
(applicable for annual reporting periods beginning on or after 1 January 2019)

AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately.

The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.

Consequently AASB 1004 Contributions is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.

The Committee of Management are currently still quantifying the impact that AASB 1058 will have on the financial statements.

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.5 Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable.

All membership subscription received from financial members are retained by the respective State Divisional branches making up the Union.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Donations and bequests income is recognised when it is received.

Campaign levies are recognised on an accrual basis when the Union is entitled to it.

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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

1.6 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when risks and rewards associated with the asset has passed to the buyer.

1.7 Capitation fees and levies

Capitation fees revenue earned from the provision of services to the State Divisional Branches of the Union, are recognised on an accrual basis.

On occasion, the Union is responsible for the collection of levies from state-based reporting units 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 of the levy collection and hence no income or expenses is reported in this financial report.

1.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.8 Employee benefits (continued)

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Union in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Union recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.10 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.11 Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.12 Provisions

Provisions are recognised when the Union has 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.

1.13 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions of the instrument.

1.14 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Union's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Union initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Union's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Union commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories as:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.14 Financial assets (Continued)

Financial assets at amortised cost

The Union measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Union's financial assets at amortised cost includes trade receivables, receivables from other reporting units and term deposits.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Union has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) the Union has transferred substantially all the risks and rewards of the asset, or
  b) the Union has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Union has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Union continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.14 Financial assets (Continued)

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Union applies a simplified approach in calculating expected credit losses (**ECLs**) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Union has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Union recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Union expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Union considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Union may also consider a financial asset to be in default when internal or external information indicates that the Union is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.15 Financial Liabilities

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Union's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.16 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.17 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.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	31 March 2019	31 March 2018
Buildings	2%	2%
Furniture, fixtures and fittings	5-25%	5-25%
Motor Vehicles	20%	20%
Computer equipment and software	20-33.3%	20-33.3%

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.18 Impairment

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Union were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.19 Taxation

The Union is exempt from income tax under section 50.1 of *the Income Tax Assessment Act 1997* however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.20 Fair value measurement

The Union does not carry financial instruments at fair value through the profit and loss. The fair values of financial instruments measured at amortised cost are disclosed in Note 12.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Union. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Union uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.21 Going concern

The Union is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

The Union has agreed to provide Construction, Forestry, Maritime, Mining & Energy Union, Construction & General Division South Australian Divisional branch (CFMEU C&G SA) with financial support to ensure they can continue on a going concern basis. This agreed financial and other support is to continue for a period of not less than 12 months from the date of signing this financial reports to allow CFMEU C&G SA to realise its assets and discharge its liabilities in the normal course of business. Furthermore, the Union will not seek repayment of the intercompany receivable from CFMEU C&G SA (refer note 5B) for a period of at least 12 months from the date of signing this financial report.

1.22 Acquisition of Assets and Liabilities

The Union did not acquire any asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

1.23 Recovery of Wages

The Union has not undertaken any recovery of wages activities during the year or the comparative year.

1.24 Economic dependence

The principle source of income for Construction Forestry Maritime 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 (refer to Note 3A).

1.25 Related party disclosures

Related party disclosures in this financial report are presented on an accrual 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 record keeping of the related reporting units, for example, in the receipt of payments, correspondence in transit or the alternative categorisation of balances/transactions.

1.26 Retained Earnings

All funds required by the rules of the Union are included in the statement of changes in equity.

The Union has no fund or account for compulsory levies, voluntary contribution or required by the rules of the organisation or union.

There has been no withdrawals or transfer from a fund other than the general fund, account, asset or controlled entity.

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 2 EVENTS AFTER REPORTING DATE

From 1 July 2019, the registered office for the Union changed to Level 1, 1 Miller Lane, Pyrmont NSW 2009. There were no other events that occurred after 31 March 2019, and/ or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

NOTE 3 INCOME

	31 March 2019 $	31 March 2018 $
Note 3A: Capitation fees		
Capitation fees by branch (CFMEU Construction & General)		
Victoria and Tasmania	1,909,377	1,665,856
New South Wales	1,144,539	1,004,702
Queensland	774,578	790,574
South Australia	117,879	105,705
Western Australia	379,666	346,829
Australian Capital Territory	115,427	106,515
Total capitation fees	4,441,466	4,020,181
Note 3B: Levies		
Campaign levies fees received (CFMEU Construction & General)		
Victoria and Tasmania	459,923	281,990
New South Wales	298,023	139,170
Queensland	61,825	166,700
South Australia	34,143	18,430
Western Australia	114,870	65,760
Australian Capital Territory	36,497	14,690
Other campaign fees received	21,781	3,969
Less: campaign levies received in advance – refer to Note 6C	(471,729)	-
Total levies	555,333	690,709
Note 3C: Interest		
Interest	145,447	36,469
Total Interest	145,447	36,469
Note 3D: Net gains from sale of assets		
Gain on sale of assets	4,027,174	2,012
Total net gain from sale of assets	4,027,174	2,012
Note 3E: Grants or donations		
Grants	-	-
Donations	2,000,000	-
Total grants or donations	2,000,000	-

NOTE 3 INCOME (CONTINUED)

	31 March 2019 $	31 March 2018 $
Note 3F: Other Revenue		
Attendance Fees	220,284	216,823
Computer costs reimbursed	-	7,745
Wages reimbursements	154,762	31,327
Advertising revenue	110,512	135,868
Divisional conference sponsorship	-	302,727
Rent received	44,078	222,066
Other income	51,990	60,094
Financial support from another reporting unit	-	-
Total other revenue	581,626	976,650

NOTE 4 EXPENSES

Note 4A: Employee expenses

Holders of office:		
Wages and salaries	524,445	638,736
Superannuation	57,530	55,626
Leave and other entitlements	21,978	(67,453)
*Separation and redundancies	16,380	14,205
Other employee expenses	38,466	47,487
Subtotal employee expenses holders of office	658,799	688,601
Employees other than office holders:		
Wages and salaries	1,466,965	1,528,267
Superannuation	149,854	153,854
Leave and other entitlements	(101,000)	(194,160)
*Separation and redundancies	29,325	29,213
Other employee expenses	82,424	95,154
Subtotal employee expenses non- office holders	1,627,568	1,612,328
Total employee expenses	2,286,367	2,300,929

*Separation and redundancies include contributions to the redundancy fund.

Note 4B: Capitation fees

CFMEU National Office	1,151,150	1,124,585
Total Capitation fees	1,151,150	1,124,585

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 4 EXPENSES (CONTINUED)	31 March 2019 $	31 March 2018 $
Note 4C: Administration expenses		
Consideration to employers for payroll deductions	-	-
Compulsory levy	-	-
Voluntary levy	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	180,156	424,767
Total administration expenses	180,156	424,767
Note 4D: Grants or donations		
Grants:		
Total paid that were $1,000 or less	-	-
Total paid that exceeded $1,000	-	-
Donations:		
Total paid that were $1,000 or less	815	1,923
Total paid that exceeded $1,000	2,010,600	20,000
Total grants or donations	2,011,415	21,923
Note 4E: Depreciation and amortisation		
Depreciation:		
Land and Building	482	101,320
Furniture, fixtures and fittings	2,344	7,131
Motor vehicles	20,235	20,713
Computer equipment and software	76,428	59,007
Total depreciation and amortisation	99,489	188,171
Note 4F: Finance costs		
Bank fees and charges	1,888	2,176
Total finance costs	1,888	2,176
Note 4G: Legal costs		
Litigation	617,275	738,409
Other legal matters	5,819	83,302
Royal commission costs	-	39,710
Costs reimbursed by CFMEU Branches – Note 8(a)	(482,606)	(541,460)
Total legal costs	140,488	319,961

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 4 EXPENSES (CONTINUED)

Note 4H: Accounting and Audit fees

	31 March 2019 $	31 March 2018 $
External audit expense	27,600	27,700
Other services	19,609	46,560
Total accounting and audit fees	47,209	74,260

Note 4I: Other expenses

	31 March 2019 $	31 March 2018 $
Penalties – via RO Act or the *Fair Work Act 2009*	-	-
Advertising & Marketing	146,331	233,239
Communications	35,348	45,306
Computer and website expenses	395,195	307,166
Insurance	31,937	57,076
Loss on disposal of assets	-	27,476
Media monitoring costs	44,932	65,306
Merchandise purchases	12,432	17,180
Motor vehicle expenses	20,344	12,888
Occupancy expenses	253,141	259,221
Printing, Postage and Stationery	7,914	17,402
Strata levies	52,059	114,271
Sponsorship	60,000	-
Travel expenses	506,013	443,714
Other expenses	25,748	45,971
Total other expenses	1,591,394	1,646,216

NOTE 5 ASSETS

Note 5A: Cash and Cash Equivalents

	31 March 2019 $	31 March 2018 $
Cash at bank	3,671,562	328,524
Total cash and cash equivalents	3,671,562	328,524

NOTE 5 ASSETS (CONTINUED)	31 March 2019 $	31 March 2018 $
Note 5B: Trade and Other Receivables		
Current		
Trade receivables	39,537	61,377
Other receivables	71,798	-
Current receivables from other reporting units		
CFMEU Construction and General Division		
- New South Wales Branch	153,821	154,706
- Victoria and Tasmania Branch	998,154	702,298
- Victoria and Tasmania Branch (Swanston St) - Note 9(e)	520,889	520,889
- Queensland Branch	(17,595)	(181,781)
- South Australia Branch	-	33,808
- Western Australia Branch	36,121	(81,056)
- Australian Capital Territory Branch	9,803	19,662
Total current trade and other receivables	1,812,528	1,229,903
Non-current receivables from other reporting units		
CFMEU Construction and General Division		
- South Australia Branch (Note 1.21)	397,902	-
Total non-current trade and other receivables	397,902	-
	2,210,430	1,229,903
Less allowance for expected credit losses	-	-
Total allowance for expected credit losses	-	-
Total trade and other receivables (net)	2,210,430	1,229,903

Please refer to note 1.25 for further commentary in relation to the consistency of transactions and balances between reporting units.

No allowance for expected credit losses has been raised against the reporting units balances shown, in accordance with the accounting policy note 1.14 and note 11A.

Note 5C: Other Current Assets

	31 March 2019 $	31 March 2018 $
Prepayments – other	134,986	43,727
Prepayments – CFMEU National	287,788	287,780
Accrued income	-	2,466
Total other current assets	422,774	333,973

Note 5D: Financial Assets

	31 March 2019 $	31 March 2018 $
Held-to-maturity financial assets	-	1,500,000
Financial assets at amortised cost	5,000,000	-
Total financial assets	5,000,000	1,500,000

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 5 ASSETS (CONTINUED)	31 March 2019 $	31 March 2018 $
Note 5E: Property, Plant and Equipment		
Property, Plant and Equipment comprises of:		
Land and Buildings	1,372	1,854
Furniture, fixtures and fittings	17,429	7,046
Motor vehicles	108,487	55,459
Computer equipment and software	175,553	200,789
Total property plant and equipment	302,841	265,148
Land and Buildings:		
At cost	16,928	16,928
Less accumulated depreciation	(15,556)	(15,074)
Total land and buildings	1,372	1,854
Furniture, fixtures and fittings:		
At cost	84,627	71,900
Less accumulated depreciation	(67,198)	(68,854)
Total furniture, fixtures and fittings	17,429	7,046
Motor vehicles:		
At cost	146,932	81,998
Less accumulated depreciation	(38,445)	(26,539)
Total motor vehicles	108,487	55,459
Computer equipment and software:		
At cost	493,895	442,703
Less accumulated depreciation	(318,342)	(241,914)
Total computer equipment and software	175,553	200,789

	Land & Buildings	Furniture, fixtures and fittings $	Motor vehicles $	Computer equipment and software $	Total $
Balance at beginning of the year	1,854	7,046	55,459	200,789	265,148
Additions	-	12,727	104,934	51,192	168,853
Disposals	-	-	(31,671)	-	(31,671)
Depreciation expense – Note 4E	(482)	(2,344)	(20,235)	(76,428)	(99,489)
Carrying amount at end of the year	1,372	17,429	108,487	175,553	302,841

NOTE 6 LIABILITIES

	31 March 2019	31 March 2018
	$	$
Note 6A: Trade and Other Payables		
Current		
Trade payables and accruals	143,201	145,370
Trade Payables to other reporting units		
CFMEU Construction and General Division		
- Victoria and Tasmania Branch	-	29,033
- South Australia Branch	-	2,505
- Western Australia Branch	-	15,150
CFMEU National	316,566	21,781
CFMEU Manufacturing (formerly FFPD)	78,691	-
Consideration to employers for payroll deductions	-	-
Legal costs		
Litigation	71,719	-
Other legal matters	-	-
GST payable	113,157	73,027
Wages collected on behalf of members	-	-
Total trade and other payables	723,334	286,866

Please refer to note 1.25 for further commentary in relation to the consistency of transactions and balances between reporting units.

Note 6B: Employee Provisions

Employee provisions comprises of:

Current		
Provision for other leave	103,883	82,779
Provision for annual leave	287,226	261,219
Provision for long service leave	352,911	466,846
	744,020	810,844
Non-current		
Provision for long service leave	21,419	33,617
Total employee provisions	765,439	844,461

Non-current provisions represent long service leave entitlements owing to employees who have not completed 5 continuous years of service with the Union.

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 6 LIABILITIES (CONTINUED)	31 March 2019	31 March 2018
	$	$
Note 6B: Employee Provisions (Continued)		
Office Holders:		
Annual leave	85,715	60,345
Long service leave	177,658	170,840
Separations and redundancies	-	-
Other	16,525	26,734
Subtotal employee provisions—office holders	279,898	257,919
Employees other than office holders:		
Annual leave	201,511	200,874
Long service leave	196,672	329,624
Separations and redundancies	-	-
Other	87,358	56,045
Subtotal employee provisions—employees other than office holders	485,541	586,542
Total current employee provisions	765,439	844,461

Note 6C: Other Liabilities

Other liabilities	-	-
Received in advance from other reporting units		
CFMEU Construction and General		
- Victoria and Tasmania Branch	229,962	-
- New South Wales Branch	149,011	-
- South Australia Branch	17,072	-
- Western Australia Branch	57,435	-
- Australian Capital Territory Branch	18,249	168,940
Total revenue in advance	471,729	168,940

Other liabilities relates to campaign levies income received in advance during the year. Refer to Note 3B.

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 7 CASH FLOW	31 March 2019 $	31 March 2018 $
Note 7A: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Statement of financial position to Statement of cash flows:		
Cash and cash equivalents as per:		
Statement of cash flows	3,671,562	328,524
Statement of financial position	3,671,562	328,524
Difference	-	-
Reconciliation of surplus/(deficit) to net cash from operating activities:		
Surplus/(deficit) for the year	4,241,490	(375,154)
Adjustments for non-cash items		
Depreciation expense – Note 4E	99,489	188,171
(Gain)/Loss on disposal of assets	(4,027,174)	27,476
Changes in assets/liabilities		
(Increase)/decrease in trade and other receivables	(980,527)	1,148,919
(Increase)/decrease in other assets	-	11,447
(Increase)/decrease in prepayments	(88,801)	(215,544)
Increase/(decrease) in trade and other payables	436,468	(1,455,554)
Increase/(decrease) in revenue in advance	302,789	(261,614)
Increase/(decrease) in employee provisions	(79,022)	(161,270)
Net cash from (used by) operating activities	(95,288)	(1,093,123)

Note 7B: Cash flow information

Net cash flows relating to reporting units (inc. GST):		
CFMEU Construction and General		
- Victoria and Tasmania Branch	3,381,916	2,867,746
- New South Wales Branch	2,241,582	1,754,856
- Queensland Branch	1,345,064	1,938,787
- Western Australia Branch	702,671	507,408
- Australian Capital Territory Branch	182,582	92,238
- South Australia Branch	275,025	161,568
CFMEU National Office	(3,132,164)	(3,163,689)
CFMEU Mining and Energy QLD	-	(20,000)
CFMEU Mining and Energy Division	(28,091)	(23,678)
CFMEU Manufacturing (formerly CFMEU FFPD)	7,271	(5,885)
Maritime Union of Australia National Office	(15,000)	-
Maritime Union of Australia Western Australia Branch	(14,000)	-
Net cash flows	4,946,856	4,109,351

Please refer to note 1.25 for further commentary in relation to the consistency of transactions and balances between reporting units.

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 7 CASH FLOW (CONTINUED)	31 March 2019	31 March 2018
	$	$

Note 7C: Credit standby arrangements and loan facilities

CBA Mastercard Facility		
Used facility	13,487	9,716
Unused facility	56,513	60,284
Total facility	70,000	70,000

Note 7D: Non-cash transactions

There have been no non-cash financing or investing activities during the year ended 31 March 2019 (31 March 2018: Nil).

NOTE 8 RELATED PARTY DISCLOSURES

Note 8A: Related Party Transactions for the Reporting Period

Being the National Office of the Construction & General Division of the Construction, Forestry, Maritime, Mining and Energy Union ("the Union"), from time-to-time the Union coordinates various administrative activities on behalf of its various constituent State divisional branches. This includes the collation of certain costs, which are apportioned to the appropriate branches and invoices in full. Accordingly, with the Union merely the facilitator of such transactions between independent third parties (and there is no profit component in recharging the respective branches), these are not considered to be related party incomes/expenses of the Union and hence are not required to be disclosed. Notwithstanding this, the transfer of funds to meet these obligations remained related party transactions, and accordingly have been disclosed in the related party cash flows reported below. Additionally, any amounts outstanding as at balance date between related parties are disclosed below.

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 detail of remuneration disclosure relating to key management personnel, refer to Note 8B: Key Management Personnel Remuneration for the Reporting Period.

(b) **Other related parties**

All Reporting Units of the Construction, Forestry, Maritime, 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").

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)

Note 8A: Related Party Transactions for the Reporting Period (Continued)

(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 expenditure 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 1.25 for further commentary in relation to the consistency of transactions and balances between reporting units.

Related Party Information

Transactions with related parties:

(i) Capitation fees charged (excluding GST)

Refer to Note 3A.

(ii) Campaign levies charged (excluding GST)

Refer to Note 3B.

(iii) Campaign levies received on behalf of CFMEU National Office (including GST)

	31 March 2019 $	31 March 2018 $
Opening balance	(168,940)	(330,210)
Campaign fees charged to Reporting Units on behalf of CFMEU National Office:		
CFMEU Construction and General		
- Victoria and Tasmania Branch	-	281,990
- New South Wales Branch	-	139,170
- Queensland Branch	-	166,700
- Western Australia Branch	-	65,760
- Australian Capital Territory Branch	-	14,690
- South Australia Branch	-	18,430
	-	686,740
Net payment made to CFMEU National Office	-	(630,000)
Campaign fees paid by Branches	-	104,530
Campaign fees refunded to CFMEU C&G ACT Branch	168,940	-
Balance payable to CFMEU Construction and General Australian Capital Territory Branch	-	(168,940)

For campaign levies received in advance, refer to Note 6C.

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)

Note 8A: Related Party Transactions for the Reporting Period (Continued)

Related Party Information

Transactions with related parties:

(iv) Rental Income

	31 March 2019 $	31 March 2018 $
CFMEU Construction and General		
- New South Wales Branch	3,701	74,017

(v) Staff expense contribution by branches

CFMEU Construction and General		
- Victoria and Tasmania Branch	2,500	-
- New South Wales Branch	2,500	-
- Queensland Branch	2,500	-
- Western Australia Branch	2,500	-
- Australian Capital Territory Branch	2,500	-
- South Australia Branch	2,500	-

(vi) Travel and accommodation contribution by branches

CFMEU Construction and General		
- Victoria and Tasmania Branch	6,081	-
- New South Wales Branch	1,855	-
- Australian Capital Territory Branch	3,473	-

(vii) Wages reimbursement

CFMEU Construction and General		
- Queensland Branch	120,990	32,807
- Victoria and Tasmania Branch	33,772	-

(viii) Legal fees contribution by branches

CFMEU Construction and General		
- Victoria and Tasmania Branch	42,533	163,039
- New South Wales Branch	25,952	79,531
- Queensland Branch	20,185	95,438
- Western Australia Branch	8,855	39,766
- Australian Capital Territory Branch	2,720	7,953
- South Australia Branch	89,172	11,930

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)

Note 8A: Related Party Transactions for the Reporting Period (Continued)

Related Party Information

Transactions with related parties:

(ix) ABCC Campaign contributions by branches

	31 March 2019 $	31 March 2018 $
CFMEU Construction and General		
- Victoria and Tasmania Branch	-	205,582
- New South Wales Branch	-	101,232
- Queensland Branch	-	121,257
- Western Australia Branch	-	13,408
- Australian Capital Territory Branch	-	47,832
- South Australia Branch	-	10,689

(x) Legal Penalties contributions by branches

CFMEU Construction and General		
- Victoria and Tasmania Branch	-	113,926
- New South Wales Branch	-	57,025
- Queensland Branch	-	67,557
- Western Australia Branch	-	6,835
- Australian Capital Territory Branch	-	24,385
- South Australia Branch	293,190	5,449

(xi) Sponsorship for Claire Murray Documentary by Artemis Media and Inavision Films contributions by branches

CFMEU Construction and General		
- Victoria and Tasmania Branch	100,000	-
- New South Wales Branch	90,000	-
- Western Australia Branch	100,000	-
- Australian Capital Territory Branch	50,000	-

(xii) ACTU change the rules campaign donation by branches (donation income)

CFMEU Construction and General		
- Victoria and Tasmania Branch	414,373	-
- New South Wales Branch	249,915	-
- Queensland Branch	196,651	-
- Western Australia Branch	86,272	-
- Australian Capital Territory Branch	26,495	-
- South Australia Branch	26,294	-

NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)

Note 8A: Related Party Transactions for the Reporting Period (Continued)

Related Party Information

Transactions with related parties:

(xiii) CFMEU National campaign donation by branches (donation income)

	31 March 2019 $	31 March 2018 $
CFMEU Construction and General		
- Victoria and Tasmania Branch	414,373	-
- New South Wales Branch	249,915	-
- Queensland Branch	196,651	-
- Western Australia Branch	86,272	-
- Australian Capital Territory Branch	26,495	-
- South Australia Branch	26,294	-
(xiv) Capitation fees expense		
CFMEU National Office	1,151,150	1,124,585
(xv) Rent expense and outgoings		
CFMEU Mining and Energy Divisional National	156,718	167,583
CFMEU – Manufacturing Division (formerly FFPD)	71,537	-
(xvi) Transfers of leave accrual		
CFMEU – Forest & Forest Products Division	-	14,313
(xvii) Property expenses		
CFMEU Construction and General		
- Victoria and Tasmania Branch	-	80,485
(xviii) Donation expense		
CFMEU – Mining & Energy – Queensland Branch	-	20,000
CFMEU National Office – ACTU change the rules campaign	1,000,000	-
CFMEU National Office – election campaign	1,000,000	-

NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)

Note 8A: Related Party Transactions for the Reporting Period (Continued)

Related Party Information

Transactions with related parties:

(xix) Airfare expenses

	31 March 2019 $	31 March 2018 $
CFMEU Construction and General		
- Victoria and Tasmania Branch	10,427	-
- New South Wales Branch	15,378	12,683
- Queensland Branch	10,249	14,552
- Western Australia Branch	25,605	55,176
- Australian Capital Territory Branch	-	16,256
- South Australia Branch	5,906	2,277

(xx) Legal fees

CFMEU Construction and General		
- Australian Capital Territory Branch	41,696	-
CFMEU Mining and Energy Divisional National	424	-

(xxi) Purchase of vehicle

CFMEU Construction and General		
- Queensland Branch	-	40,000

(xxii) Conferences expenses

CFMEU Construction and General		
- Western Australia Branch	3,606	69,186
CFMEU National Office	166,571	-

(xxiii) Director fees

CFMEU Construction and General		
- New South Wales Branch	39,716	28,384

(xxiv) ABCC Campaign costs

CFMEU National Office	-	500,000

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)

Note 8A: Related Party Transactions for the Reporting Period (Continued)

Related Party Information

Transactions with related parties:

(xxv) Campaign levies - expense

	31 March 2019 $	31 March 2018 $
CFMEU National Office	-	472,500
(xxvi) Other expenses (income)		
CFMEU Construction and General		
- New South Wales Branch	3,346	9,035
- Victoria and Tasmania Branch	4,679	2,421
- Queensland Branch	3,059	-
- South Australia Branch	493	-
CFMEU Mining and Energy Divisional National	1,977	-
CFMEU – Forest & Forest Products Division	-	(750)
Maritime Union of Australia National Office	15,000	-
Maritime Union of Australia Western Australian Branch	12,727	-

Related Party Balances

(i) Trade and other receivables

Refer to Note 5B.

(ii) Trade and other payables

Refer to Note 6A.

(iii) Income in advance

Refer to Note 6C.

(iv) Prepayments

Refer to Note 5C.

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 8 RELATED PARTY DISCLOSURES (CONTINUED)

Note 8B: Key Management Personnel Remuneration for the Reporting Period

Key management personnel comprise those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Union. The Union has determined that key management personnel comprises of:

- Dave Noonan (Divisional Secretary)
- Nigel Davies (Assistant Divisional Secretary)
- Andrew Sutherland (Assistant Divisional Secretary)

During the year, the key management personnel of the Union were remunerated as follows:

	31 March 2019 $	31 March 2018 $
Short-term employee benefits		
Salary (including annual leave taken)	514,237	653,909
Annual leave movement	25,369	(63,240)
Performance bonus	-	-
Other employee benefits	38,465	47,487
Total short-term employee benefits	578,071	638,156
Post-employment benefits:		
Superannuation	57,530	55,626
Redundancy fund	16,380	14,205
Total post-employment benefits	73,910	69,831
Other long-term benefits:		
Long-service leave	6,818	(19,386)
Total other long-term benefits	6,818	(19,386)
Termination benefits	-	-
Total	658,799	688,601

No other transactions occurred during the year with elected officers, close family members or other related parties than those related to their membership or employment and on terms no more favourable than those applicable to any other member of employee.

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 9 CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

(a) Operating lease commitments

Leases as lessee

	31 March 2019 $	31 March 2018 $
Payable – minimum lease commitments		
- not later than 12 months	-	121,176
- between 12 months and 5 years	-	444,533
- greater than 5 years	-	-
Minimum lease payments	-	565,709

Shortly before balance date, the Union had renegotiated its lease at Level 9, 215-217 Clarence Street Sydney resulting in its termination (at no break cost). No new lease was entered into as at balance date.

Leases as lessor

The Union leased out property under commercial leases. These non-cancellable leases have terms between 3 and 10 years. All leases included an option to increase rent to current market rental on an annual basis. The rental property at Pitt Street was sold in June 2018.

	31 March 2019 $	31 March 2018 $
Receivable – minimum lease commitments		
- not later than 12 months	-	8,761
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
Minimum lease payments	-	8,761

(b) Contingent liabilities and commitments

Given the principal activities of the Union, the Union is routinely subject to legal actions against it regarding industrial relations matters in serving its membership. As at the date of this report, there are no such matters in place which would require disclosure as a contingent liability.

As an organisation, the Construction Forestry Maritime 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. As at balance date, there are no such known matters and any relevant costs have been appropriately accrued and disclosed.

(c) Finance lease commitments

The Union does not have any finance lease commitments at 31 March 2019 (2018: Nil).

(d) Capital expenditure commitments

There are no capital expenditure commitments at 31 March 2019 (2018: Nil).

NOTE 9 CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS (Continued)

(e) Contingent asset

During the 2018 year, a commercial property in which the Union held a 15.63% proportional interest, was disposed of to an independent third party for $26M. The majority of the building was owned by the CFMEU Construction & General Victorian/Tasmanian Branch ("the Victorian Branch"). The Union's share of the property is governed by a formal agreement between Union and The Victorian Branch. The proportional sale proceeds attributable to the Union is materially in excess of the carrying value that was recorded in the Union's financial report and accordingly a significant surplus is expected to be realised. However, the quantum of this surplus is currently subject to ongoing dispute, with the Victorian Branch treating this equity investment as a loan. In its financial report for the year ended 31 March 2019, the Victorian Branch has identified an accrual payable to the Union of $1,433,766 to settle any claims against this property, and has also raised this matter as a contingent liability. Should this amount be agreed upon as the ultimate outcome of discussions, the Union would realise a profit on disposal of approximately $900,000, however the Union believes that its equitable entitlement allows for a settlement sum which is significantly higher than this offer amount – again, subject to ongoing negotiations on matters of governance, usage, operations and the interpretation of the formal agreement. Given the variability of possible outcomes, it is not practicable to provide any further information in quantifying the likely profit on sale amount, so as to not prejudice seriously the negotiated position of the Union and also to eliminate the risk of providing misleading indications of the likelihood and quantum of income arising. Accordingly, the Union has transferred the carrying value of this property asset to a (current) receivable account at its written down at the time of sale (refer note 5B), in accordance with the practice of recording property assets at their (depreciated) historical cost and consistent with Accounting Standards.

	31 March 2019 $	31 March 2018 $
NOTE 10 REMUNERATION OF AUDITOR		
Value of the services provided		
Financial statement audit services	27,600	27,700
Other services	19,609	46,460
Total remuneration of auditor	47,209	74,260

Other services include other accounting services.

NOTE 11 FINANCIAL INSTRUMENTS

Financial Risk Management Policy

The Committee of Management monitors the Union's financial risk management policies and exposure and approves financial transactions within the scope of these policies.

The Committee of Management's overall risk management strategy seeks to assist the Union in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Union is exposed to through its financial instruments are interest rate risk, credit risk, liquidity risk, and market risk consisting predominantly of interest rate risk. There have been no substantive changes in the types of risks the Union is exposed to, how these risks arise, or the Committee of Management's objectives, policies and processes for managing or measuring the risks from the previous period.

The Union's financial instruments are listed below:

Financial Assets		
Cash and cash equivalents	3,671,562	328,524
Trade and other receivables	2,210,430	1,229,903
Financial assets – held to maturity	-	1,500,000
Financial assets – at amortised cost	5,000,000	-
	10,881,992	3,058,427
Financial Liabilities		
Trade and other payables	723,334	286,866
	723,334	286,866

Note 11A: Credit Risk

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

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

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

NOTE 11 FINANCIAL INSTRUMENTS (CONTINUED)

Note 11A: Credit Risk (Continued)

The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Union. On a geographical basis, the Union's trade and other receivables are all based in Australia.

The Union applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 March 2019 is determined as follows. The expected credit losses below also incorporate forward looking information.

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

Financial assets that were past due but not impaired for 2019

	Within trade terms	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
		$	$	$	$	$
Expected loss rate	0%	0%	0%	0%	0%	0%
Gross Carrying amount	1,812,528	-	-	-	397,902	2,210,430
Expected credit loss	-	-	-	-	-	-

Financial assets that were past due but not impaired for 2018

	Within trade terms	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
		$	$	$	$	$
Expected loss rate	0%	0%	0%	0%	0%	0%
Gross Carrying amount	1,229,903	-	-	-	-	1,229,903
Expected credit loss	-	-	-	-	-	-

The Union has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5. The main source of credit risk to the entity is considered to relate to the class of assets described as "Trade receivable and other receivables".

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTE 11 FINANCIAL INSTRUMENTS (CONTINUED)

Note 11A: Credit Risk (Continued)

The Union writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (eg when the debtor has been placed under liquidation or has entered into bankruptcy proceedings) or when the trade receivables are over two years past due, whichever occurs earlier. None of the accounts receivable that have been written off are subject to enforcement activities.

Collateral held as security

The Union does not hold collateral with respect to its receivables at 31 March 2019 (31 March 2018: Nil).

Note 11B: Liquidity Risk

Liquidity risk arises from the possibility that the Union might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Union manages this risk through the following mechanisms:

- preparing forward looking cash flow estimates;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Union does not hold directly any derivative financial liabilities.

Contractual maturities for financial liabilities

	On Demand	< 1 year	1 – 2 years	2 – 5 years	> 5 years	Total
2019		$	$	$	$	$
Trade and other payables	723,334	-	-	-	-	723,334
	723,334	-	-	-	-	723,334
2018						
Trade and other payables	286,866	-	-	-	-	286,866
	286,866	-	-	-	-	286,866

NOTE 11 FINANCIAL INSTRUMENTS (CONTINUED)

Note 11C: Market Risk (Continued)

i. Interest rate risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Union's exposure to interest rate risk arises from its cash at bank and term deposits.

The financial instruments which expose the Union to interest rate risk are limited to its cash reserves.

ii. Foreign exchange risk
The Union is not exposed to fluctuations in foreign currencies.

iii. Price risk
The Union is not exposed to equity securities price risk as it does not have equity instruments.

Sensitivity Analysis

While the Union is exposed to changes in interest rates, due to the fact that any expected change in interest rates would have no significant impact on profit and loss or equity, no sensitivity analysis has been considered necessary.

NOTE 12 FAIR VALUE MEASUREMENT

Fair Values

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction.

The following table contains the carrying amounts and related fair values for the Union's financial assets and liabilities:

		31 March 2019		31 March 2018	
	Footnote	Carrying value	Fair value	Carrying value	Fair value
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	3,671,562	3,671,562	328,524	328,524
Trade and other receivables	(i)	2,210,430	2,210,430	1,229,903	1,229,903
Financial assets	(i)	5,000,000	5,000,000	1,500,000	1,500,000
Total financial assets		10,881,992	10,881,992	3,058,427	3,058,427
Financial liabilities					
Trade and other payables	(i)	723,334	723,334	286,866	286,866
Total financial liabilities		723,334	723,334	286,866	286,866

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 12 FAIR VALUE MEASUREMENT (CONTINUED)

Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

NOTE 13 DISCLOSURE OF OFFICERS' REMUNERATION AND NON-CASH BENEFITS

Pursuant to Rule 24B of the Union's Rules and s. 293BC(3) of the *Fair Work (Registered Organisation) Amendment Act 2016*, the Divisional Executive make the following disclosures of Officer remuneration and non-cash benefits received for the 2019 financial year.

(a) the five highest paid officers of the Union for the financial year, and their remuneration, were as follows:

	Dave Noonan **Divisional Secretary**	**Nigel Davis** **Assistant Divisional Secretary**	**Andrew Sutherland** **Assistant Divisional Secretary**	**Total**
	$	**$**	**$**	**$**
Salary and allowance	180,755	167,008	166,473	514,236
Movement in annual and long service leave provisions	2,726	10,184	19,277	32,187
Superannuation	20,534	18,498	18,498	57,530
Redundancy	5,460	5,460	5,460	16,380
Other employee benefits	13,820	12,254	12,392	38,466
	223,295	213,404	222,100	658,799

The non-cash benefit provided to the officers of the Union are motor vehicles which are owned by the Union. The motor vehicles are primarily used for work related purposes. The value of these benefits are included in 'other employee benefits' in the above table.

There were only three paid officers during the financial year.

No remuneration or non-cash benefits had been received by Officers of the Union from a board position attained because of their position with the Union.

In accordance with Rule 24D and s. 293G of the *Fair Work (Registered Organisation) Amendment Act 2016*, refer to Note 8 for payments made by the Union to related parties.

The Union has made no reportable payments to any related party or declared person or body of the Union in the year ended 31 March 2019.

NOTE 14 ADMINISTRATION OF FINANCIAL AFFAIRS BY A THIRD PARTY

There has been no administration of financial affairs by a third party.

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 15 SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

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

Information to be provided to members or Commissioner:

(1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

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

NOTE 16 UNION DETAILS

The registered office of the Union is:

Level 1, 1 Miller Lane
Pyrmont NSW 2009

NOTE 17 SEGMENT INFORMATION

The Union operates solely in one reporting segment, being the provision of industrial services.

NOTE 18 OFFICER DECLARATION STATEMENT

An officer declaration statement has not been prepared given that all relevant disclosures required under this declaration, have been incorporated into this financial report, including 'NIL' disclosures.

DALEY
AUDIT

Independent Audit Report to the Members of Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division – National Office

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division – National Office ("the reporting unit"), which comprises the statement of financial position as at 31 March 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 March 2019, notes to the financial statements, including a summary of significant accounting policies, the committee of management statement and the subsection 255(2A) report.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division – National Office as at 31 March 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

(i) the Australian Accounting Standards; and
(ii) any other requirements imposed by the reporting guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* ("the RO Act").

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

Basis for Opinion

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

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

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DALEY AUDIT

Information Other than the Financial Report and Auditors Report Thereon

The committee of management is responsible for the other information. The other information obtained at the date of this auditor's report is in the operating report accompanying the financial report.

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

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

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the reporting unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.

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- Conclude on the appropriateness of the committee of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the reporting unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the reporting unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committee of management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an auditor registered under the RO Act.

Daley Audit

Daley Audit

Michael Mundt

Michael Mundt
Partner

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

Wollongong
21 August 2019

CONSTRUCTION, FORESTRY, MARITIME, MINING & ENERGY UNION
CONSTRUCTION & GENERAL DIVISION – NATIONAL OFFICE
DESIGNATED OFFICERS CERTIFICATE

FOR THE YEAR ENDED 31 MARCH 2019

I, Dave Noonan, being the Divisional Secretary of the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division – National Office certify:

- that the documents lodged herewith are copies of the full report for the Construction, Forestry, Maritime, Mining & Energy Union Construction & General Division – National Office for the period ended 31 March 2019 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 22 August 2019; and

- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 23 September 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

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Dave Noonan

Divisional Secretary

23 September 2019

Melbourne