

**CONSTRUCTION FORESTRY MARITIME
MINING AND ENERGY UNION
NATIONAL OFFICE
ABN 17 402 743 835**

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2018**

CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE

ABN 17 402 743 835

REPORT REQUIRED UNDER SUBSECTION 255(2A)

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

| Categories of expenditures | 2018 \$ | 2017 \$ |
|--|------------|------------|
| Remuneration and other employment related costs and expenses | 1,481,305 | 1,341,478 |
| Advertising | - | - |
| Operating costs | 1,729,525 | 677,404 |
| Donations to political parties | 52,000 | 18,549 |
| Legal costs | 335,076 | 102,194 |

Signature of designated officer: 

Name and title of designated officer: Michael O'Connor – National Secretary

Dated: 04/12/2019

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE**

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OPERATING REPORT

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009 ("Act") the National Executive present their Operating Report on Construction, Forestry, Maritime, Mining and Energy Union National Office ("the Union"), the relevant Reporting Unit for the financial year ended 31 December 2018.

Principal Activities

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

- Implementation of decisions of the National Executive Committee
- Maintenance of Union rules, registrations and affiliations
- Conducting activities for parliamentary, Divisional and Divisional Branch elections, including assisting with statutory requirements.
- Representing the Union's interest on various national committees and organisations.
- Co-ordinating the involvement of the Union in relevant international trade union bodies and conferences.

Providing prime responsibility for initiating and leading the conduct of legal action launched in defence of the Union's work.

Operating Result

The results of the principal activities of the Union during the financial year was to further the interests of CFMMEU workers through improvements in wages and conditions, health and safety, legal rights and company compliance with Australian labour standards.

The operating loss of the Union for the financial year was \$83,634 (2017: \$62,522 loss). No provision for tax was necessary as the Union is exempt from income tax.

Change of name

On 27 March 2018, as a result of an amalgamation, the Construction, Forestry, Mining and Energy Union changed its name to the Construction, Forestry, Maritime, Mining and Energy Union, which is identified on a revised certificate of registration under the *Fair Work (Registered Organisations) Act 2009*. As a result, the Union is now referred to as the Construction Forestry Maritime Mining and Energy Union.

Significant change in financial affairs

There were no significant changes in the principal activities or financial affairs of the Union during the financial year.

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OPERATING REPORT continued

Rights of Member to Resign

Pursuant to the Reporting Unit Rule 21 and Section 174 of the *Fair Work (Registered Organisations) Act 2009*, members have the right to resign from membership by providing written notice addressed to and delivered to the Secretary of the Reporting Unit.

A notice of resignation from membership of the Union takes effect:

- (a) where the member ceases to be eligible to become a member of the Union
 - (i) on the day on which the notice is received by the Union
 - (ii) on the day specified in the notice which is a day not earlier than the day when the member ceases to be eligible to become a member;whichever is the later, or

- (b) in any other case:
 - (i) at the end of two weeks after the notice is received by the Union, or
 - (ii) on the day specified in the noticewhichever is the later.

Superannuation Officeholders

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

Mr Frank O'Grady is a director of United Super Pty Ltd which acts as Trustee of C Bus.

Mr Alex Millar is a director of the FIRST Superannuation Fund.

Mr Anthony Maher is an alternate director of Auscoal Superannuation Pty Ltd which acts as Trustee of Mine Superannuation Fund.

Mr Michael O'Connor is a director of the FIRST Superannuation Fund

Mr Grahame Kelly is a director of Mine (Auscoal) Superannuation Fund.

Ms Denise Campbell-Burns is a director of the FIRST Superannuation Fund.

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

Mr Padraig Crumlin is a director of Maritime Financial Services Pty Ltd.

Mr Jamie Newlyn is a director of Maritime Financial Services Pty Ltd.

Mr Will Tracey is a director of Maritime Financial Services Pty Ltd.

Superannuation Officeholders

No other officer or member of the reporting entity is:

- (a) is a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (b) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Other Prescribed Information

In accordance with Regulation 159 of the *Fair Work (Registered Organisations) Regulations 2009* ("Regulations"):

- (a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for Section 230 of the Act and who are taken to be members of the Union under section 244 of the Act was 97,543 (2017: 90,467)

- (b) the number of persons who were, at the end of the financial year to which the report relates, employees of the Union, where the number of employees includes both full-time and part-time employees, measured on a full-time equivalent basis was 10.

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OPERATING REPORT continued

Other Prescribed Information continued

- (c) the names of each person who have been a member of the National Executive of the Union at any time during the reporting period, and the period for which he or she held such a position were;

Name

| | |
|-----------------------|---|
| Tony Maher | National President |
| Michael O'Connor | National Secretary |
| Dave Noonan | National Assistant Secretary |
| Paddy Crumlin | International President, Appointed 27 March 2018 |
| Michael Ravbar | National Vice-President |
| Grahame Kelly | National Vice – President |
| Christy Cain | National Vice – President, Appointed 27 March 2018 |
| Leo Skourdoubis | National Vice-President |
| Mick Buchan | National Executive Member |
| Aaron Cartledge | National Executive Member, Resigned 27 June 2018 |
| Nigel Davies | National Executive Member |
| Dean Hall | National Executive Member, Resigned 20 March 2018 |
| Brian Parker | National Executive Member, Resigned 2 March 2018 |
| Jade Ingham | National Executive Member, Appointed 2 July 2018 |
| Rita Mallia | National Executive Member |
| Jason O'Mara | National Executive Member, Appointed 27 March 2018 |
| John Setka | National Executive Member |
| Andrew Sutherland | National Executive Member |
| Gary Wood | National Executive Member, Resigned 23 March 2018 |
| Denise Campbell-Burns | National Executive Member, Appointed 9 May 2018 |
| Jane Calvert | National Executive Member, Resigned 3 May 2018 |
| Brad Coates | National Executive Member |
| Dave Kirner | National Executive Member |
| Jenny Kruschel | National Executive Member, Appointed 16 December 2018 |
| Beth Macpherson | National Executive Member, Appointed 27 March 2018 |
| Michele O'Neil | National Executive Member, Appointed 27 March 2018 Resigned 16 July 2018 |
| Scott McLean | National Executive Member |
| Alex Millar | National Executive Member |
| Craig Smith | National Executive Member |
| Frank Vari | National Executive Member |
| Ian Bray | National Executive Member, Appointed 27 March 2018 |
| Jason Campbell | National Executive Member, Appointed 27 March 2018 |
| Bob Carnegie | National Executive Member, Appointed 27 March 2018 |
| Joe Italia | National Executive Member, Appointed 27 March 2018 |
| Garry Keane | National Executive Member, Appointed 27 March 2018 |
| Thomas Mayor | National Executive Member, Appointed 27 March 2018 |
| Paul McAleer | National Executive Member, Appointed 27 March 2018 |
| Mich-Elle Myers | National Executive Member, Appointed 27 March 2018 |
| Jamie Newlyn | National Executive Member, Appointed 27 March 2018 |

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OPERATING REPORT continued

Other Prescribed Information continued

| | |
|-----------------|--|
| Warren Smith | National Executive Member, Appointed 27 March 2018 |
| Will Tracey | National Executive Member, Appointed 27 March 2018 |
| Glen Williams | National Executive Member, Appointed 27 March 2018 |
| David Bean | National Executive Member, Resigned 2 November 2018 |
| Greg Busson | National Executive Member, Appointed 23 March 2018 |
| Ricky Gale | National Executive Member, Appointed 2 November 2018 |
| Andy Honeysett | National Executive Member |
| Peter Jordan | National Executive Member |
| Stephen Smyth | National Executive Member |
| Trevor Williams | National Executive Member |

National Executive members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Signed in accordance with a resolution of the National Executive.

For the National Executive:



Signature: Tony Maher – National President



Signature: Michael O'Connor – National Secretary

Dated: 04/12/2019

Melbourne

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE**

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**NATIONAL EXECUTIVE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The National Executive of the Construction, Forestry, Maritime, Mining and Energy Union passed the following resolution in relation to the general purpose financial report (GPFR) for the financial year ended 31 December 2018.

The National Executive declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the National Executive were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act, it has been provided to the member or to the Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

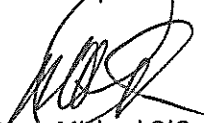
That Michael O'Connor and Tony Maher authorise the GPFR for the year ended 31 December 2018 on behalf of the National Executive.

This declaration is made in accordance with a resolution of the National Executive passed on 04/12/2019.

For the National Executive:



Signature: Tony Maher - National President



Signature: Michael O'Connor - National Secretary

Dated: 04/12/2019

Melbourne

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 \$ | 2017 \$ |
|--|-------|------------------|------------------|
| Revenue | | | |
| Membership subscription | | - | - |
| Capitation fees | 3A | 1,825,901 | 1,695,142 |
| Levies | 3B | 4,115,750 | 952,320 |
| Interest | 3C | 129 | 100 |
| Other revenue | 3E | 1,097,841 | 1,091,141 |
| Total revenue | | <u>7,039,621</u> | <u>3,738,703</u> |
| Other Income | | | |
| Grants and/or donations | 3D | 25,000 | - |
| Total other income | | <u>25,000</u> | <u>-</u> |
| Total income | | <u>7,064,621</u> | <u>3,738,703</u> |
| Expenses | | | |
| Employee expenses | 4A | 1,481,305 | 1,341,478 |
| Affiliation fees | 4C | 489,512 | 413,299 |
| Administration expenses | 4D | 1,729,525 | 677,404 |
| Grants or donations | 4E | 2,065,100 | 18,549 |
| Depreciation and amortisation | 4F | 54,254 | 57,224 |
| Legal costs | 4G | 335,076 | 102,194 |
| Audit fees | 14 | 14,850 | 14,850 |
| Other expenses | 4H | 978,633 | 1,176,227 |
| Total expenses | | <u>7,148,255</u> | <u>3,801,225</u> |
| Loss for the year | | <u>(83,634)</u> | <u>(62,522)</u> |
| Total comprehensive loss for the year | | <u>(83,634)</u> | <u>(62,522)</u> |

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

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE**

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

| | Notes | 2018 \$ | 2017 \$ |
|---|-------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5A | 962,978 | 119,684 |
| Trade and other receivables | 5B | 829,235 | 539,522 |
| Other current assets | 5C | 10,110 | 3,594 |
| Total current assets | | <u>1,802,323</u> | <u>662,800</u> |
| Non-Current Assets | | | |
| Land and buildings | 6A | - | - |
| Plant and equipment | 6B | 48,529 | 52,928 |
| Intangibles | 6C | 80,822 | 115,459 |
| Total non-current assets | | <u>129,351</u> | <u>168,387</u> |
| Total assets | | <u>1,931,674</u> | <u>831,187</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade payables | 7A | 1,818,523 | 767,459 |
| Other payables | 7B | 49,204 | (16,061) |
| Employee provisions | 8A | 400,394 | 350,091 |
| Total current liabilities | | <u>2,268,121</u> | <u>1,101,489</u> |
| Non-Current Liabilities | | | |
| Employee provisions | 8A | 18,683 | 1,194 |
| Total non-current liabilities | | <u>18,683</u> | <u>1,194</u> |
| Total liabilities | | <u>2,286,804</u> | <u>1,102,683</u> |
| Net (liabilities) | | <u>(355,130)</u> | <u>(271,496)</u> |
| EQUITY | | | |
| Retained earnings (accumulated deficit) | | (355,130) | (271,496) |
| Total equity | | <u>(355,130)</u> | <u>(271,496)</u> |

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

CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Retained earnings | Total equity |
|---|-------------------|--------------|
| | \$ | \$ |
| Balance as at 1 January 2017 | (208,974) | (208,974) |
| Loss for the year | (62,522) | (62,522) |
| Closing balance as at 31 December 2017 | (271,496) | (271,496) |
| Loss for the year | (83,634) | (83,634) |
| Closing balance as at 31 December 2018 | (355,130) | (355,130) |

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

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 \$ | 2017 \$ |
|---|-------|-----------------|--------------------|
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Receipts from other reporting units/controlled entity(s) | 10B | 6,518,407 | 4,755,217 |
| Interest | | 129 | 100 |
| Other | | 239,326 | 216,994 |
| Cash used | | | |
| Suppliers and employees | | (5,472,055) | (4,187,554) |
| Payment to other reporting units/controlled entity(s) | 10B | (427,295) | (231,895) |
| Net cash from (used by) operating activities | 10A | <u>858,512</u> | <u>552,862</u> |
| INVESTING ACTIVITIES | | | |
| Cash received | | | |
| | | - | - |
| Cash used | | | |
| Purchase of plant and equipment | | (15,218) | (46,629) |
| Purchase of land and buildings | | - | - |
| Other | | - | - |
| Net cash from (used by) investing activities | | <u>(15,218)</u> | <u>(46,629)</u> |
| FINANCING ACTIVITIES | | | |
| Cash received | | | |
| Loan from CFMEU – Construction & General VIC/TAS Divisional Branch | | - | - |
| Cash used | | | |
| Repayment of loan from CFMEU – Construction & General VIC/TAS Divisional Branch | | - | (1,000,000) |
| Net cash from (used by) financing activities | | <u>-</u> | <u>(1,000,000)</u> |
| Net increase (decrease) in cash held | | <u>843,294</u> | <u>(493,767)</u> |
| Cash & cash equivalents at the beginning of the reporting period | | 119,684 | 613,451 |
| Cash & cash equivalents at the end of the reporting period | 5A | <u>962,978</u> | <u>119,684</u> |

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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. For the purpose of preparing the general purpose financial statements, the reporting unit is a not-for-profit entity.

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.

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

No 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1 Summary of significant accounting policies

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of *AASB 9 Financial Instruments* for the year commencing 1 January 2018.

AASB 9 Financial Instruments
Effective 1 January 2018

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using IFRS 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

Future Accounting Standards

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 reporting unit include:

AASB 15 Revenue from contracts with customers
Effective 1 January 2019

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Impacts on the reported financial position and performance have not yet been determined.

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AASB 16 Leases

Effective 1 January 2019

The standard will affect primarily the accounting for the reporting unit's operating leases. However, the reporting unit has not yet determined to what extent these commitments will result in the recognition of a liability for future payments.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

AASB 1058: Income for Not-for-profit entities

AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities

Effective 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.

The reporting unit is currently still quantifying the impact that AASB 1058 will have on the financial statements for the financial year commencing 1 January 2019.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 1 Summary of significant accounting policies

1.5 Revenue

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

Donation income is recognised when it is received.

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 end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

Interest revenue is recognised on an accrual basis using the effective interest method.

1.6 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Capitation fees and levies

See above Note 1.5

1.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, personal 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 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.

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 reporting unit 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 1 Summary of significant accounting policies

1.9 Cash

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 and bank overdrafts.

1.10 Financial instruments

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

1.11 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 reporting unit's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the [reporting unit] 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 reporting unit'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 reporting unit commits to purchase or sell the asset.

Subsequent measurement

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

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 1 Summary of significant accounting policies

1.11 Financial assets continued

- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

The reporting unit 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 reporting unit's financial assets at amortised cost includes trade receivables and loans to related parties.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The reporting unit 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 reporting unit has transferred substantially all the risks and rewards of the asset, or
 - b) the reporting unit has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the reporting unit 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.

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Note 1 Summary of significant accounting policies

1.11 Financial assets continued

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the [reporting unit] 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.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the reporting unit 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 reporting unit does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The reporting unit 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.

The reporting unit considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the [reporting unit] may also consider a financial asset to be in default when internal or external information indicates that the [reporting unit] 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.

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Note 1 Summary of significant accounting policies

1.12 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 reporting unit'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.

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Note 1 Summary of significant accounting policies

1.13 Building improvement and Plant & Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life. 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:

| Class of Fixed Asset | 2018 | 2017 |
|-----------------------------|-------------|-------------|
| Office Equipment | 3-10 years | 3-10 years |
| Furniture and Fittings | 10 years | 10 years |
| Motor Vehicles | 4 years | 4 years |
| Building Improvements | - | - |

Derecognition

An item of land 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.

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Note 1 Summary of significant accounting policies

1.14 Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of reporting unit intangible assets are:

| | 2018 | 2017 |
|-------------|-------------|-------------|
| Intangibles | 5 years | 5 years |

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

1.15 Impairment for non-financial assets

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 reporting unit were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

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Note 1 Summary of significant accounting policies

1.16 Taxation

Reporting unit 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.

1.17 Fair value measurement

The reporting unit measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

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 reporting unit. 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.

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Note 1 Summary of significant accounting policies

1.17 Fair value measurement continued

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 reporting unit 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the [reporting unit] determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the [reporting unit] has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.18 Going concern

As at 31 December 2018, the entity is in a net current liability and net liability position of \$465,798 (2017: \$438,689) and \$355,130 (2017: \$271,496) respectively and for the year then ended has also incurred losses of \$83,634 (2017: \$62,522). The net current liability and net liability position is due to losses incurred over the current and previous financial year-ends. Notwithstanding this factor, the financial report has been prepared on the basis that the entity is a going concern, which assumes continuity of normal business activities and the realisation and the settlement of liabilities in the normal course of business.

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Note 1 Summary of significant accounting policies

1.18 Going concern continued

To continue as a going concern, the entity requires:

- to generate sufficient funds from future operating activities; and
- to acquire financial support from its related branches.

The National Executive believes that the entity will generate sufficient funds in the future years to ensure the continuation of operations via the raising of fees and levies to related branches.

The National Executive believes that under National Rule 23 (i) financial support is required to be provided by each related branch in proportion to the total membership base. National Rule 23 (i) states that, "Each Division shall pay to the National Office and/or National Conference of the Union, on a basis which is proportionate to the respective financial membership of each Division, an amount that is determined by the National Conference or National Executive to enable it to fulfil its functions. Provided that each Division/Divisional Branch is responsible to meet all costs associated with the operation of its Division/Divisional Branch, including all costs associated with the attendance and participation by their representatives at meetings, including National Conference National Executive Committee unless decided otherwise by the National Executive Committee."

The related divisions are as follows:

- Construction and General Division;
- Manufacturing Division;
- Mining and Energy Division; and
- Maritime Union of Australia Division

Based on its review of the financial position of the respective related divisions, the National Executive is satisfied that each division is able to provide such financial support for at least 12 months from the date of signing of the financial statements. As at the date of signing of this financial report, the entity has not determined or called upon its related divisions for financial support.

If the entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial report.

Note 2 Events after the reporting period

There are no events that have occurred after the reporting period up to the date of signing the financial statements.

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| | 2018 | 2017 |
|--|-----------|-----------|
| | \$ | \$ |
| Note 3 Income | | |
| Note 3A: Capitation fees* | | |
| CFMMEU – Construction and General Division – National Office | 1,151,150 | 1,115,730 |
| CFMMEU – Manufacturing Division | 212,520 | 234,067 |
| CFMMEU – Mining and Energy Division – National Office | 345,345 | 345,345 |
| Maritime Union of Australia | 116,886 | - |
| Total capitation fees | 1,825,901 | 1,695,142 |
| Note 3B: Levies* | | |
| Levies | | |
| CFMMEU – Construction and General Division – National Office | 2,000,000 | 630,000 |
| CFMMEU – Manufacturing Division | 630,000 | 127,320 |
| CFMMEU – Mining and Energy Division – National Office | 1,023,750 | 195,000 |
| Maritime Union of Australia | 462,000 | - |
| Total levies | 4,115,750 | 952,320 |
| Note 3C: Interest | | |
| Deposits | 129 | 100 |
| Total interest | 129 | 100 |
| Note 3D: Grants or donations* | | |
| Grants | - | - |
| Donations | | |
| CFMMEU – Construction & General Division – VIC/TAS Divisional Branch | 25,000 | - |
| Other Donations | - | - |
| Total grants or donations | 25,000 | - |

*As required by the Reporting Guidelines. Item to remain even if 'nil'

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| | 2018 | 2017 |
|---|-----------|-----------|
| | \$ | \$ |
| Note 3E: Other Income | | |
| Campaign – CFMMEU National Campaign | | |
| CFMMEU – Manufacturing Division | 92,397 | 185,528 |
| CFMMEU – Construction & General Division – National Office | - | 555,952 |
| CFMMEU – Construction & General Division – WA Divisional Branch | 18,182 | - |
| CFMMEU – Construction & General Division – VIC/TAS Divisional Branch | 1,650 | - |
| CFMMEU – Mining & Energy QLD Divisional Branch | 22,600 | 66,064 |
| Maritime Union of Australia | 2,404 | - |
| Other | - | - |
| Conference – CFMEU National Conference | | |
| CFMMEU – Construction & General Division – National Office | 166,571 | (327) |
| CFMMEU – Manufacturing Division | 59,181 | - |
| CFMMEU – Mining & Energy National Office | 83,974 | - |
| Maritime Union of Australia | 151,420 | - |
| Other | 423,736 | - |
| Reimbursement from divisional branches – Other | | |
| CFMMEU – Construction & General Division – VIC/TAS Divisional Branch | 22,727 | 42,727 |
| CFMMEU – Construction & General Division – ACT Divisional Branch | 35,000 | 21,000 |
| CFMMEU – Manufacturing Division | - | 64,795 |
| Reimbursement – Slater and Gordon | - | 109,885 |
| Reimbursement - Other | 12,949 | - |
| GST Refund | - | 45,455 |
| Sundry Income | 5,050 | 62 |
| Total other income | 1,097,841 | 1,091,141 |

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| | 2018 | 2017 |
|---|-----------|-----------|
| | \$ | \$ |
| Note 4 Expenses | | |
| Note 4A: Employee expenses* | | |
| Holders of office: | | |
| Wages and salaries | 218,553 | 198,465 |
| Superannuation | 20,542 | 32,577 |
| Leave and other entitlements | 33,893 | 40,100 |
| Separation and redundancies | - | - |
| Other employee expenses | 23,233 | 21,425 |
| Subtotal employee expenses holders of office | 296,221 | 292,567 |
| Employees other than office holders: | | |
| Wages and salaries | 871,829 | 794,770 |
| Superannuation | 121,214 | 101,723 |
| Leave and other entitlements | 33,899 | 66,715 |
| Separation and redundancies | 29,400 | - |
| Other employee expenses | 128,742 | 85,703 |
| Subtotal employee expenses employees other than office holders | 1,185,084 | 1,048,911 |
| Total employee expenses | 1,481,305 | 1,341,478 |
| Note 4B: Capitation fees* | | |
| Nil capitation fees for the year | - | - |
| Total capitation fees | - | - |

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

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| | 2018 | 2017 |
|--|------------------|----------------|
| | \$ | \$ |
| Note 4C: Affiliation fees* | | |
| Affiliation fees: | | |
| Australian Council of Trade Union | 489,512 | 411,473 |
| Australian Fair Trade & Investment Network | - | - |
| Australian People for Health, Education and Development Abroad | - | 1,826 |
| Total affiliation fees/subscriptions | 489,512 | 413,299 |
| | | |
| Note 4D: Administration expenses | | |
| | | |
| Included in administration expense | | |
| Compulsory levies | | |
| ACTU - Growth & Campaign levy* | 212,000 | 212,000 |
| Fees/allowances - meeting and conferences | 10,956 | 17,089 |
| Conference and meeting expenses | 761,426 | 34,188 |
| Contractors/consultants | 96,236 | 126,915 |
| Office expenses | 636,390 | 269,484 |
| Information communications technology | 12,517 | 17,728 |
| Total administration expenses | 1,729,525 | 677,404 |

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

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| | 2018 | 2017 |
|--------------------------------------|-----------|--------|
| | \$ | \$ |
| Note 4E: 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 | - | - |
| Total paid that exceeded \$1,000 | 2,065,100 | 18,549 |
| Total grants or donations | 2,065,100 | 18,549 |

Note 4F: Depreciation and amortisation

| | | |
|--|--------|--------|
| Depreciation | | |
| Land & buildings | - | 11,354 |
| Property, plant and equipment | 19,617 | 11,233 |
| Total depreciation | 19,617 | 22,587 |
| Amortisation | | |
| Intangibles | 34,637 | 34,637 |
| Total amortisation | 34,637 | 34,637 |
| Total depreciation and amortisation | 54,254 | 57,224 |

Note 4G: Legal costs*

| | | |
|--------------------------|---------|---------|
| Litigation | | |
| Other legal matters | 335,076 | 102,194 |
| Total legal costs | 335,076 | 102,194 |

Note 4H: Other expenses

| | | |
|-----------------------------|---------|-----------|
| Campaign expenses | 978,733 | 1,176,227 |
| Total other expenses | 978,733 | 1,176,227 |

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

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| | 2018 | 2017 |
|--|----------------|------------------|
| | \$ | \$ |
| Note 4H: Other expenses continued | | |
| Campaign expenses can be broken down as follows | | |
| Advertising | 17,075 | 115,404 |
| Media | 455,351 | 717,023 |
| Campaign operating expenses | 198,047 | 278,105 |
| Other | 308,160 | 65,695 |
| Total campaign expenses | 978,633 | 1,176,227 |
| Note 5 Current Assets | | |
| Note 5A: Cash and Cash Equivalents | | |
| Cash at bank | 962,828 | 119,534 |
| Cash on hand | 150 | 150 |
| Total cash and cash equivalents | 962,978 | 119,684 |
| Note 5B: Trade and other receivables | | |
| Receivables from other reporting units | | |
| CFMMEU – Manufacturing Division | 61,636 | 119,751 |
| CFMMEU – Construction & General Division – National Office | 170 | 316,736 |
| CFMMEU – Mining & Energy National Office | - | 103,213 |
| Maritime Union of Australia National Office | 575,132 | - |
| Total receivables from other reporting units | 636,938 | 539,700 |
| Other Receivables | | |
| Other Receivables | 192,297 | (178) |
| Total other receivables | 192,297 | (178) |
| Total trade and other receivables | 829,235 | 539,522 |

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| | 2018 | 2017 |
|--------------------------------------|--------|-------|
| | \$ | \$ |
| Note 5C: Other current assets | | |
| Prepayments | 10,110 | 3,594 |
| Total other current assets | 10,110 | 3,594 |

Note 6 Non-current Assets

Note 6A: Building Improvements

| | | |
|------------------------------------|----------|----------|
| Building Improvements: | | |
| At Cost | 22,714 | 22,714 |
| accumulated depreciation | (22,714) | (22,714) |
| Total Building Improvements | - | - |

Reconciliation of the Opening and Closing Balances of Building Improvements

| | | |
|---|---|----------|
| As at 1 January | | |
| Gross book value | - | - |
| Accumulated depreciation and impairment | - | - |
| Net book value 1 January | - | 13,079 |
| Additions: | | |
| By purchase | - | - |
| Depreciation expense | - | (11,354) |
| Write off | - | (1,725) |
| Net book value 31 December | - | - |
| Net book value as of 31 December represented by: | | |
| Gross book value | - | - |
| Accumulated depreciation and impairment | - | - |
| Net book value 31 December | - | - |

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| | 2018 | 2017 |
|-------------------------------------|----------|----------|
| | \$ | \$ |
| Note 6B: Plant and equipment | | |
| Plant and equipment: | | |
| At cost | 98,729 | 83,512 |
| Accumulated depreciation | (50,200) | (30,584) |
| Total plant and equipment | 48,529 | 52,928 |

Reconciliation of the Opening and Closing Balances of Plant and Equipment

| | | |
|---|----------|----------|
| As at 1 January | | |
| Gross book value | 83,512 | 36,883 |
| Accumulated depreciation and impairment | (30,584) | (19,351) |
| Net book value 1 January | 52,928 | 17,532 |
| Additions: | | |
| By purchase | 15,218 | 46,629 |
| Depreciation expense | (19,617) | (11,233) |
| Other | - | - |
| Net book value 31 December | 48,529 | 52,928 |
| Net book value as of 31 December represented by: | | |
| Gross book value | 98,729 | 83,512 |
| Accumulated depreciation and impairment | (50,200) | (30,584) |
| Net book value 31 December | 48,529 | 52,928 |

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| | 2018 | 2017 |
|------------------------------|----------|----------|
| | \$ | \$ |
| Note 6C: Intangibles | | |
| Website development at cost: | | |
| Purchased | 173,188 | 173,188 |
| accumulated amortisation | (92,366) | (57,729) |
| Total intangibles | 80,822 | 115,459 |

Reconciliation of the Opening and Closing Balances of Intangibles

| | | |
|---|----------|----------|
| As at 1 January | | |
| Gross book value | 173,188 | 173,188 |
| Accumulated amortisation and impairment | (57,729) | (23,092) |
| Net book value 1 January | 115,459 | 150,096 |
| Additions: | | |
| By purchase | - | - |
| Amortisation | (34,637) | (34,637) |
| Net book value 31 December | 80,822 | 115,459 |
| Net book value as of 31 December represented by: | | |
| Gross book value | 173,188 | 173,188 |
| Accumulated amortisation and impairment | (92,366) | (57,729) |
| Net book value 31 December | 80,822 | 115,459 |

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| | 2018 | 2017 |
|---|------------------|-----------------|
| | \$ | \$ |
| Note 7 Current Liabilities | | |
| Note 7A: Trade payables | | |
| Trade creditors and accruals | 1,447,136 | 249,707 |
| Income in advance: | | |
| CFMMEU – Construction & General National Office | - | 287,787 |
| CFMMEU – Manufacturing Division | - | 53,131 |
| CFMMEU – Mining & Energy National Office | - | 86,336 |
| Subtotal trade creditors | 1,447,136 | 676,961 |
| Payables to other reporting unit[s]* | | |
| CFMMEU – Construction & General National Office | 290 | 39,149 |
| CFMMEU – Construction & General VIC/TAS Divisional Branch | 101,100 | - |
| CFMMEU – Construction & General QLD/NT Divisional Branch | 12,300 | |
| CFMMEU – Mining & Energy National Office | - | 43,974 |
| CFMMEU – Manufacturing Division | 255,877 | 7,055 |
| CFMMEU – Manufacturing Division Social | 1,820 | 320 |
| Subtotal payables to other reporting unit[s] | 371,387 | 90,498 |
| Total trade payables | 1,818,523 | 767,459 |
| Settlement is usually made within 30 days. | | |
| Note 7B: Other payables | | |
| Superannuation | - | - |
| Consideration to employers for payroll deductions* | - | - |
| Legal costs* | | |
| Litigation | - | - |
| Other legal matters | 84,588 | 52,750 |
| GST payable | (35,384) | (68,811) |
| Other | - | - |
| Total other payables | 49,204 | (16,061) |
| Total other payables are expected to be settled in: | | |
| No more than 12 months | 49,204 | (16,061) |
| More than 12 months | - | - |
| Total other payables | 49,204 | (16,061) |

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Note 8: Provisions

Note 8A: Employee Provisions*

| | 2018 | 2017 |
|---|----------------|----------------|
| | \$ | \$ |
| Office Holders: | | |
| Annual leave | 37,709 | 18,321 |
| Long service leave | 85,664 | 80,008 |
| Separation and redundancies | - | - |
| Personal leave | 76,684 | 67,835 |
| Subtotal employee provisions—office holders | 200,057 | 166,164 |
| Employees other than office holders: | | |
| Annual leave | 128,910 | 109,240 |
| Long service leave | 16,195 | 1,196 |
| Separation and redundancies | - | - |
| Personal leave | 50,738 | 44,940 |
| Rostered day off | 23,177 | 29,745 |
| Subtotal employee provisions—employees other than office holders | 219,020 | 185,121 |
| Total employee provisions | 419,077 | 351,285 |
| | | |
| Current | 400,394 | 350,091 |
| Non Current | 18,683 | 1,194 |
| Total employee provisions | 419,077 | 351,285 |

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 2018 | 2017 |
|---|-------------|-------------|
| | \$ | \$ |
| Note 9 Equity | | |
| Note 9: Other Specific disclosures - Funds* | | |
| Compulsory levy/voluntary contribution fund – if invested in assets | - | - |
| Other fund(s) required by rules | | |
| Balance as at start of year | - | - |
| Transferred to reserve | - | - |
| Transferred out of reserve | - | - |
| Balance as at end of year | - | - |
| *As required by Reporting Guidelines. Items to be disclosed even if nil. | | |
| Note 10 Cash Flow | | |
| Note 10A: Cash Flow Reconciliation | | |
| Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement: | | |
| Cash and cash equivalents as per: | | |
| Cash flow statement | 962,978 | 119,684 |
| Balance sheet | 962,978 | 119,684 |
| Difference | - | - |
| Reconciliation of profit/(deficit) to net cash from operating activities: | | |
| Profit/(deficit) for the year | (83,634) | (62,522) |
| Adjustments for non-cash items | | |
| Depreciation/amortisation | 54,254 | 57,224 |
| Loss on write off of fixed assets | - | 1,725 |
| Changes in assets/liabilities | | |
| (Increase)/Decrease in net receivables | (289,713) | 449,212 |
| (Increase)/Decrease in prepayments | (6,516) | 103,365 |
| Increase/(Decrease) in supplier payables | 1,051,064 | (113,591) |
| Increase in other payables | 65,265 | 33,607 |
| Increase in employee provisions | 67,792 | 83,842 |
| Net cash from (used by) operating activities | 858,512 | 552,862 |

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE**

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 2018 | 2017 |
|---|-----------|-----------|
| | \$ | \$ |
| Note 10 Cash Flow continued | | |
| Note 10B: Cash flow information* | | |
| Cash inflows | | |
| CFMMEU – Construction & General National Office | 3,449,493 | 3,122,287 |
| CFMMEU – Construction & General QLD/NT Divisional Branch | - | 574 |
| CFMMEU – Construction & General VIC/TAS Divisional Branch | 76,315 | 97,240 |
| CFMMEU – Construction & General WA Divisional Branch | 20,000 | 55,000 |
| CFMMEU – Construction & General ACT Divisional Branch | 38,500 | 23,100 |
| CFMMEU – Mining & Energy National Office | 1,606,619 | 658,807 |
| CFMMEU – Mining & Energy QLD Divisional Branch | 24,860 | - |
| CFMMEU – Manufacturing Division | 1,071,771 | 798,209 |
| Maritime Union of Australia | 230,849 | - |
| Total cash inflows | 6,518,407 | 4,755,217 |
| Cash outflows | | |
| CFMMEU – Construction & General National Office | 41,830 | 52,298 |
| CFMMEU – Construction & General VIC/TAS Divisional Branch | 36,675 | 65,625 |
| CFMMEU – Construction & General WA Divisional Branch | - | 3,400 |
| CFMMEU – Construction & General QLD/NT Divisional Branch | 31,255 | - |
| CFMMEU – Mining & Energy National Office | 49,396 | 2,131 |
| CFMMEU – Manufacturing Division | 264,654 | 104,281 |
| CFMMEU – Manufacturing Division Social | 3,485 | 4,160 |
| Total cash outflows | 427,295 | 231,895 |

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 2018 | 2017 |
|---|-----------|-----------|
| | \$ | \$ |
| Note 11 Related Party Disclosures | | |
| Note 11A: Related Party Transactions for the Reporting Period | | |
| The following table provides the total amount of transactions that have been entered into with related parties for the relevant year. | | |
| Revenue received from related parties includes the following: | | |
| CFMMEU – Construction & General ACT Divisional Branch | 35,000 | 21,000 |
| CFMMEU – Construction & General VIC/TAS Divisional Branch | 48,927 | 42,727 |
| CFMMEU – Construction & General WA Divisional Branch | 18,182 | - |
| CFMMEU – Construction & General National Office | 3,317,721 | 2,301,355 |
| CFMMEU – Mining & Energy National Office | 1,453,069 | 606,409 |
| CFMMEU – Mining & Energy QLD Divisional Branch | 22,600 | - |
| CFMMEU – Manufacturing Division | 994,098 | 611,710 |
| Maritime Union of Australia | 732,710 | - |
| Expenses paid to related parties includes the following: | | |
| CFMMEU – Construction & General National Office | 2,701 | 39,748 |
| CFMMEU – Construction & General VIC/TAS Divisional Branch | 125,249 | 59,659 |
| CFMMEU – Construction & General QLD/NT Divisional Branch | 40,501 | - |
| CFMMEU – Manufacturing Division | 515,854 | 85,732 |
| CFMMEU – Mining & Energy National Office | 4,929 | 41,914 |
| Maritime Union of Australia | 6,545 | - |
| Amounts owed by related parties include the following: | | |
| CFMMEU – Manufacturing Division | 61,637 | 119,751 |
| CFMMEU – Construction & General National Office | 170 | 316,736 |
| CFMMEU – Mining & Energy National Office | - | 103,213 |
| Maritime Union of Australia | 575,132 | - |
| Amounts owed to related parties Branch include the following: | | |
| CFMMEU – Construction & General National Office | 290 | 39,149 |
| CFMMEU – Construction & General QLD/NT Divisional Branch | 12,300 | - |
| CFMMEU – Construction & General VIC/TAS Divisional Branch | 101,100 | - |
| CFMMEU – Mining & Energy National Office | - | 43,974 |
| CFMMEU – Manufacturing Division | 257,697 | 7,375 |

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 11A: Related Party Transactions for the Reporting Period continued

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2018, the reporting unit has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2017: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

No property was transferred to related parties during the financial year ended 31 December 2018.

Note 12 Contingent Liabilities, Assets and Commitments

There were no contingent liabilities, asset and commitments as at 31 December 2018 (2017: nil)

Note 13 Key Management Personnel Remuneration for the Reporting Period

| | 2018 | 2017 |
|---|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | | |
| Salary (including annual leave taken) | 218,553 | 221,438 |
| Annual leave accrued | 19,388 | (5,937) |
| Other | 8,849 | 11,744 |
| Total short-term employee benefits | <u>246,790</u> | <u>227,245</u> |
| Post-employment benefits: | | |
| Superannuation | 20,542 | 32,577 |
| Total post-employment benefits | <u>20,542</u> | <u>32,577</u> |
| Other long-term benefits: | | |
| Long-service leave | 5,656 | 11,320 |
| Total other long-term benefits | <u>5,656</u> | <u>11,320</u> |
| Total | <u>272,988</u> | <u>271,142</u> |

Note 13A: Transactions with key management personnel and their close family members

| | | |
|--|---|---|
| Loans to/from key management personnel | - | - |
| Other transactions with key management personnel | - | - |

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 2018 | 2017 |
|---|-------------|-------------|
| | \$ | \$ |
| Note 14 Remuneration of Auditors | | |
| Value of the services provided | | |
| Financial statement audit services | 14,850 | 14,350 |
| Other services | - | 500 |
| Total remuneration of auditors | 14,850 | 14,850 |

During the financial year the auditors of the financial services provided services including preparation of financial reports and other accounting services.

Note 15 Financial Instruments

The financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from related unions.

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

Note 15A: Categories of Financial Instruments

Financial Assets

Financial liabilities:

| | | |
|--------------------------|------------------|----------------|
| Trade and other payables | 1,867,727 | 751,398 |
| Total | 1,867,727 | 751,398 |

| | | |
|---|-----------|---------|
| Carrying amount of financial liabilities | 1,867,727 | 751,398 |
|---|-----------|---------|

Note 15B: Net Income and Expense from Financial Assets

Held-to-maturity

| | | |
|--|------------|------------|
| Interest revenue | 129 | 100 |
| Net gain/(loss) from financial assets | 129 | 100 |

The net income/expense from financial assets not at fair value from profit and loss is \$Nil (2017:\$Nil).

CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 15 Financial Instruments continued

Note 15C: Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that are cleared as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the entity securing trade and other receivables.

The entity has no significant concentrations of credit risk with any single counterparty or group of counterparties

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5B.

The following table illustrates the reporting entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

| | 2018 | 2017 |
|------------------------------|------------------|----------------|
| | \$ | \$ |
| Financial assets | | |
| Cash and cash equivalents | 962,978 | 119,684 |
| Trade and other receivables | 829,235 | 584,977 |
| Total | <u>1,792,213</u> | <u>704,661</u> |
| Financial liabilities | | |
| Trade and other payables | 1,867,727 | 751,398 |
| Total | <u>1,867,727</u> | <u>751,398</u> |

In relation to the entity's gross credit risk the following collateral is held: \$Nil (2017: \$Nil)

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NATIONAL OFFICE**

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 15 Financial Instruments continued

Note 15C: Credit Risk continued

Ageing of financial assets that were past due but not impaired for 2018

| | 0 to 30 days \$ | 31 to 60 days \$ | 61 to 90 days \$ | 90+ days \$ | Total \$ |
|-----------------------------|-----------------------|------------------------|------------------------|----------------|------------------|
| Cash and cash equivalents | 962,978 | - | - | - | 962,978 |
| Trade and other receivables | - | 829,235 | - | - | 829,235 |
| Total | 962,978 | 829,235 | - | - | 1,792,213 |

Ageing of financial assets that were past due but not impaired for 2017

| | 0 to 30 days \$ | 31 to 60 days \$ | 61 to 90 days \$ | 90+ days \$ | Total \$ |
|-----------------------------|-----------------------|---------------------|---------------------|----------------|----------------|
| Cash and cash equivalents | 119,684 | - | - | - | 119,684 |
| Trade and other receivables | - | 584,977 | - | - | 584,977 |
| Total | - | 584,977 | - | - | 704,661 |

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 15 Financial Instruments continued

Note 15D: Liquidity Risk

Liquidity risk arises from the possibility that the reporting entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. This risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- 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.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timings of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Contractual maturities for financial liabilities 2018

| | On Demand | < 1 year \$ | 1– 2 years \$ | 2– 5 years \$ | >5 years \$ | Total \$ |
|--------------------------|-----------|----------------|---------------------|---------------------|----------------|-------------|
| Trade and other payables | - | 1,867,727 | - | - | - | 1,867,727 |
| Total | - | 1,867,727 | - | - | - | 1,867,727 |

Maturities for financial liabilities 2017 -

| | On Demand | < 1 year \$ | 1– 2 years \$ | 2– 5 years \$ | >5 years \$ | Total \$ |
|--------------------------|-----------|----------------|---------------------|---------------------|----------------|-------------|
| Trade and other payables | - | 751,398 | - | - | - | 751,398 |
| Total | - | 751,398 | - | - | - | 751,398 |

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 15 Financial Instruments continued

Note 15E: Market Risk

(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. The financial instruments that expose the entity to interest rate risk is limited to cash and cash equivalents.

Sensitivity analysis of the risk that the entity is exposed to for 2018

| Risk variable | Change in risk variable % | Effect on | |
|--------------------|---------------------------|-----------------|--------|
| | | Profit and loss | Equity |
| | | \$ | \$ |
| Interest rate risk | - + 0.1% | 963 | (963) |
| Interest rate risk | - - 0.1% | (963) | 963 |

Sensitivity analysis of the risk that the entity is exposed to for 2017

| Risk variable | Change in risk variable % | Effect on | |
|--------------------|---------------------------|-----------------|--------|
| | | Profit and loss | Equity |
| | | \$ | \$ |
| Interest rate risk | - + 0.1% | 120 | (120) |
| Interest rate risk | - - 0.1% | (120) | 120 |

(ii) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

The reporting entity is not exposed to securities price risk on available-for-sale investments

Note 15F: Asset Pledged/or Held as Collateral

There were no assets pledged or held as collateral as at 31 December 2018 (2017: \$Nil).

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
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Note 16 Fair Value Measurement

Note 16A: Financial Assets and Liabilities

Management of the reporting entity assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2018 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the reporting entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2018 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

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

| | Carrying amount 2018 \$ | Fair value 2018 \$ | Carrying amount 2017 \$ | Fair value 2017 \$ |
|------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| Financial Assets | | | | |
| Cash and cash equivalents | 962,978 | 962,978 | 119,684 | 119,684 |
| Trade and other receivables | 829,235 | 829,235 | 539,522 | 584,977 |
| Total | 1,792,213 | 1,792,213 | 659,206 | 659,206 |
| Financial Liabilities | | | | |
| Trade and other payables | 1,867,727 | 1,867,727 | 751,398 | 751,398 |
| Total | 1,867,727 | 1,867,727 | 751,398 | 751,398 |

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 17 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 18 Disclosure requirements under the rules

In terms of the rules of the Construction Forestry Maritime Mining and Energy Union National Office, the union is required to provide additional disclosures for the financial year ended 31 December 2018.

(a). CFMEU Rule 24B – Remuneration paid to the Elected Official of the Union for the financial year ended 31 December 2018.

| | 2018 | 2017 |
|-------------------------|----------------|----------------|
| Michael O'Connor | \$ | \$ |
| Salary | 218,553 | 221,438 |
| Annual Leave Accrual | 19,388 | (5,937) |
| Superannuation | 20,542 | 32,577 |
| Total | <u>258,483</u> | <u>248,078</u> |

There is only one Elected Official disclosed as there is only one Elected Official in this Union who receives remuneration directly from the Union. In addition, this Elected Official is provided with a fully maintained motor vehicle (non-cash benefit). The Elected Official was entitled to receive director's fees during the period of disclosure but elected not to receive those fees which were instead directed to and paid to the Union.

(b). CFMEU Rule 24C – Elected Officials' Material Personal Interests.

None of the Elected Officials have disclosed any material personal interests in a matter that the Elected Official has or acquires; or a relative of the Elected Official has or acquires; that relates to the affairs of the union.

(c). CFMEU Rule 24D – Payments to related parties and declared person or body of the Union.

Payments to related parties are disclosed under Note 13. No payments were made by the Union to a declared person or body of the Union.

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE**

ABN 17 402 743 835

OFFICER DECLARATION STATEMENT

I, Michael O'Connor, being the National Secretary of the Construction, Forestry, Maritime, Mining and Energy Union, declare that the following activities did not occur during the reporting period ending 31 December 2018.

The reporting unit did not:

- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit
- derive revenue from undertaking recovery of wages activity during the reporting period.

Signed by the officer:



Michael O'Connor – National Secretary

Dated: 04/12/2019



Level 13, Freshwater Place, 2 Southbank Boulevard,
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION NATIONAL OFFICE

Report on the Financial Report

Opinion

I have audited the financial report of Construction Forestry Maritime Mining and Energy Union National Office (the Reporting Unit), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2018, notes to the financial statements, including a summary of significant accounting policies; and the National Executive Statement, the subsection 255(2A) report and the Officer Declaration Statement..

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Reporting Unit as at 31 December 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a.
 - (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).
- b. properly and fairly report all information in relation to recovery of wages activity required by the reporting guidelines of the Commissioner of the Fair Work Commission including:
 - (i) any fees charged to or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
 - (ii) any donations or other contributions deducted from recovered money

Basis for Opinion

We conducted the 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 my 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.

Your financial future,
tailored your way



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION NATIONAL OFFICE

Material Uncertainty related to going concern

We draw attention to Note 1.18 in the financial report, which indicates that the Reporting Unit incurred a net loss of \$83,634 during the year ended 31 December 2018 and, as of that date, the Reporting Unit is in a net current liability and net liability position of \$465,798 and \$355,130 respectively. As stated in Note 1.18, these events or conditions, along with other matters as set forth in Note 1.18, indicate that a material uncertainty exists that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The National Executive 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 my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

National Executive's Responsibility for the Financial Report

The National Executive 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 National Executive 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 National Executive 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 National Executive either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION NATIONAL OFFICE

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is 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 my 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 National Executive.
- Conclude on the appropriateness of the National Executive'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.

Your financial future,
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ABN 18 626 582 232
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morrows
AUDIT

Level 13, Freshwater Place, 2 Southbank Boulevard,
Southbank VIC 3006

Phone: 03 9690 5700
Facsimile: 03 9690 6509
Website: www.morrows.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION NATIONAL OFFICE

Auditor's Responsibilities for the Audit of the Financial Report continued

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for my audit opinion.

We communicate with the National Executive 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 my audit.

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

Morrows

MORROWS AUDIT PTY LTD

L.S. WONG
Director

Melbourne: 4 December 2019

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/21

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COMPILATION REPORT TO THE CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION NATIONAL OFFICE

Scope

We have compiled the accompanying special purpose financial statements of the Construction Forestry Maritime Mining and Energy Union National Office which comprises the attached Detailed Income and Expenditure statement for the year ended 31 December 2018 on pages 53 to 55. The specific purposes for which the special purpose financial statements have been prepared is to provide information relating to the performance of the entity that satisfies the information needs of the National Executive.

The Responsibility of the National Executive

The National Executive is solely responsible for the information contained in the special purpose Detailed Income and Expenditure statement, the reliability, accuracy and completeness of the information and for the determination that the basis used is appropriate to meet their needs and for the purpose that the special purpose Detailed Income and Expenditure statement was prepared.

Our Responsibility

On the basis of information provided by the National Executive we have compiled the accompanying Detailed Income and Expenditure statement in accordance with the basis of accounting and APES 315: Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile the special purpose Detailed Income and Expenditure statement in accordance with the requirements of the National Executive.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by the National Executive to compile the special purpose Detailed Income and Expenditure statement. Accordingly, we do not express an audit opinion or a review conclusion on the special purpose Detailed Income and Expenditure statement.

The special purpose Detailed Income and Expenditure statement was compiled exclusively for the benefit of the National Executive, who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose Detailed Income and Expenditure statement.

Morrrows

MORROWS AUDIT PTY LTD

Melbourne: 4 December 2019

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**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE
ABN 17 402 743 835**

**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 2018 | 2017 |
|--|-----------|-----------|
| | \$ | \$ |
| Revenue | | |
| <u>Capitation Fees</u> | | |
| CFMMEU – Construction and General Division – National Office | 1,151,150 | 1,115,730 |
| CFMMEU – Manufacturing Division | 212,520 | 234,067 |
| CFMMEU – Mining and Energy Division – National Office | 345,345 | 345,345 |
| Maritime Union of Australia | 116,886 | - |
| | 1,825,901 | 1,695,142 |
| <u>Levy Fees</u> | | |
| CFMMEU – Construction and General Division – National Office | 2,000,000 | 630,000 |
| CFMMEU – Manufacturing Division | 630,000 | 127,320 |
| CFMMEU – Mining and Energy Division – Mining and Energy | 1,023,750 | 195,000 |
| Maritime Union of Australia | 462,000 | - |
| | 4,115,750 | 952,320 |
| <u>Interest</u> | 129 | 100 |
| <u>Other Income</u> | | |
| Campaign - CFMMEU National Campaign | 137,233 | 807,544 |
| Conference | 884,883 | (327) |
| Reimbursement from sub-branches – Other | 70,675 | 128,522 |
| Reimbursement – Slater and Gordon | - | 109,885 |
| Sundry Income | 5,050 | 62 |
| GST Refund | - | 45,455 |
| | 1,097,841 | 1,091,141 |
| <u>Grants and Donations</u> | | |
| Donations National Campaign | 25,000 | - |
| | 7,064,621 | 3,738,703 |
| TOTAL REVENUE | | |
| Expenses | | |
| <u>Administration and general expense</u> | | |
| ACTU Levy | 212,000 | 212,000 |
| Fees/allowances - meeting and conferences | 10,956 | 17,089 |
| Conference and meeting expenses | 761,426 | 34,188 |
| Contractors/consultants | 96,236 | 126,915 |
| Office expenses | 636,390 | 267,759 |
| Information communications technology | 12,517 | 17,728 |
| Loss on sale of property, plant and equipment | - | 1,725 |
| | 1,729,525 | 677,404 |

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE
ABN 17 402 743 835**

**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 2018 | 2017 |
|--|-----------|-----------|
| Expenses continued | \$ | \$ |
| <u>Depreciation</u> | | |
| Property, plant and equipment | 54,254 | 57,224 |
| <u>Audit Fees</u> | | |
| Audit expense and preparation of accounts | 14,850 | 14,850 |
| <u>Other Expenses</u> | | |
| Campaign Expenses | 978,633 | 1,176,227 |
| <u>Affiliation fees</u> | | |
| Australian Council of Trade Unions | 489,512 | 411,473 |
| Australian Fair Trade & Investment Network | - | - |
| Australian People for Health, Education and Development Abroad | - | 1,826 |
| | 489,512 | 413,299 |
| <u>Employee expenses</u> | | |
| Salaries and allowances: | | |
| - elected officials | 218,553 | 221,438 |
| - employees | 871,829 | 794,770 |
| Superannuation contributions: | | |
| - elected officials | 20,542 | 40,833 |
| - employees | 121,214 | 93,467 |
| Provision for annual leave: | | |
| - elected officials | 19,388 | (5,937) |
| - employees | 19,669 | 57,380 |
| Provision for long service leave: | | |
| - elected officials | 5,656 | 11,320 |
| - employees | 15,001 | 1,194 |
| Provision for RDO: | | |
| - employees | (6,568) | 1,658 |
| Provision for personal leave: | | |
| - elected officials | 8,849 | 11,744 |
| - employees | 5,797 | 6,483 |
| Termination – employees | | |
| Other: | | |
| - payroll tax | 58,116 | 54,130 |
| - employee overheads | 77,693 | 8,894 |
| - fringe benefit tax | 3,603 | 3,350 |
| - redundancy fund contributions | 29,400 | 28,950 |
| - workcover | 12,563 | 11,804 |
| | 1,481,305 | 1,341,478 |

**CONSTRUCTION FORESTRY MARITIME MINING AND ENERGY UNION
NATIONAL OFFICE
ABN 17 402 743 835**

**DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 2018 | 2017 |
|-------------------------------------|------------------|------------------|
| Expenses continued | \$ | \$ |
| <u>Donation and Grant Expenses</u> | | |
| Donations – Political Contributions | 2,065,100 | 18,549 |
| <u>Legal Expenses</u> | | |
| Legal costs | <u>335,076</u> | <u>102,194</u> |
| TOTAL EXPENSES | <u>7,148,255</u> | <u>3,801,225</u> |
| NET LOSS | <u>(83,634)</u> | <u>(62,522)</u> |

