

Construction Forestry Mining and Energy Union

Construction and General Division

New South Wales Divisional Branch

Federally Registered Trade Union

Financial Statements

For the three month period ended 31 March 2017

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Financial Statements

For the three month period ended 31 March 2017

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Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Operating Report

31 March 2017

The Committee of Management present their report on Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch for the three month financial period ended 31 March 2017.

Information on Committee of Management

The names of each person who has been on the Committee of Management during the period are:

Name	Position	Period of Appointment
Mr B Parker	Secretary	1/1/17 - 31/3/17
Ms R Mallia	President	1/1/17 - 31/3/17
Mr R Kera	Assistant Secretary	1/1/17 - 31/3/17
Mr D Greenfield	Assistant Secretary	1/1/17 - 31/3/17
Mr L Abarca	COM Member	1/1/17 - 31/3/17
Mr L Allen	COM Member	1/1/17 - 31/3/17
Mr S Andrew	COM Member	1/1/17 - 31/3/17
Mr J Barrios	COM Member	1/1/17 - 31/3/17
Mr M Battistini	COM Member	1/1/17 - 31/3/17
Mr J Burns	COM Member	1/1/17 - 31/3/17
Mr S Buterin	COM Member	1/1/17 - 31/3/17
Mr H Byrnes	COM Member	1/1/17 - 31/3/17
Mr M Cambourn	COM Member	1/1/17 - 31/3/17
Mr G Cameron	COM Member	1/1/17 - 31/3/17
Mr B Cartwright	COM Member	1/1/17 - 31/3/17
Mr C Chapman	COM Member	1/1/17 - 31/3/17
Mr S Costigan	COM Member	1/1/17 - 31/3/17
Mr J Faulkner	COM Member	1/1/17 - 31/3/17
Mr P Genovese	COM Member	1/1/17 - 31/3/17
Mr D Hackett	COM Member	1/1/17 - 31/3/17
Mr M Hammoud	COM Member	1/1/17 - 31/3/17
Mr M Jones	COM Member	1/1/17 - 31/3/17
Mr P Kenniff	COM Member	1/1/17 - 31/3/17
Mr M Lynch	COM Member	1/1/17 - 31/3/17
Mr D McNamara	COM Member	1/1/17 - 31/3/17
Mr P Midson	COM Member	1/1/17 - 31/3/17
Mr G Preston	COM Member	1/1/17 - 31/3/17
Mr D Reeves	COM Member	1/1/17 - 31/3/17
Mr L Valesini	COM Member	1/1/17 - 31/3/17
Mr W Whitney	COM Member	1/1/17 - 31/3/17

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Operating Report

31 March 2017

Principal activities

The principal activities of Construction Forestry Mining & Energy Union Construction and General Division New South Wales Divisional Branch during the three month financial period were:

- Implementation of Divisional Executive Decisions.
- Maintenance of Union Rules, Registrations and Affiliations.
- The negotiation of enterprise bargaining agreements and project agreements to improve wage rates and conditions of employment for members.
- The election and training of workplace Union delegates to strengthen workers' rights.
- The systematic checking of sites by Union organisers to maintain and improve workplace safety.
- The recruitment of members to the Union to increase Union strength.
- The training of Union officials and staff to better equip the Union to effectively represent and organise workers.
- The audit of employers to ensure compliance with agreement, award and statutory obligations.
- Assistance to workers and sub contract companies unpaid when contractors go bust.
- Representation and assistance to injured workers to assist them in respect of workers compensation and return to work.
- Representation and assistance to members unfairly sacked and victimised.
- The variation of awards to enhance the rights and entitlements of workers.
- Involvement in the broader trade union movement to strengthen trade union unity and influence.
- Media and other communications to our members and the broader community on issues affecting the rank and file to improve worker and community understanding of the role and relevance of the CFMEU and trade unionism.
- International Trade Union Unity.
- Campaigns against unjust and repressive labour laws introduced by the Federal Liberal Government.

No significant changes in the nature of the Union's activity occurred during the three month financial period.

Operating results and review of operations for the year

Operating results

The surplus of the Union for the three month financial period ended 31 March 2017 amounted to \$ 266,292 (year ended 31 December 2016: \$316,225).

Review of operations

A review of the operations and the results of the Union is performed fortnightly in the meetings of the Executive Officers and monthly by the Committee of Management. Additionally, such matters are considered monthly at a regular meeting of the General Officers' of the Union. The Committee of Management believe that they have furthered the interests of their members throughout the financial period through the conducting of the Union's principal activities.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Operating Report

31 March 2017

Significant changes in state of affairs

Change of year end

A resolution was passed by the Divisional Executive to vary the financial reporting period-end of the Union from 31 December, to become 31 March. This was approved by the Fair Work Commission and has been resolved to be put in place from the three month period ending 31 March 2017, with the first full year-end to be the 12 months to 31 March 2018.

Events after the reporting date

Separation of entities for financial reporting purposes

Following extensive consultation with the Union's legal advisers and the Fair Work Commission, the Committee of Management have considered the continued application of the legal principles referred to in note 1(a), in relation to the separation of the State-registered and Federally-registered legal entities for financial reporting purposes. On 12 May 2017, the Committee of Management of both entities passed a resolution to formally allocate every balance and transaction to either the State-registered or the Federally-registered Union entities, with no elements of the financial report to be mirrored in both organisations. This is to become effective from 1 April 2017, for the year ended 31 March 2018, with appropriate formal arrangements to be put in place.

Except for the above, no other matters or circumstances have arisen since the end of the three month financial period which significantly affected or could significantly affect the operations of the Union, the results of those operations or the state of affairs of the Union in future financial periods.

Right of members to resign

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

Superannuation Trustees

Ms Rita Mallia is a director of United Super Pty Limited which acts as Trustee of CBus.

No other officer or employee of the Union acts:

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

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Operating Report

31 March 2017

Number of members

There were 19,901 members of the Union as at 31 March 2017 (31 December 2016: 19,339).

Number of employees

As at 31 March 2017 the Union had 50 full-time equivalent employees (31 December 2016: 53).

Signed in accordance with a resolution of the Committee of Management:



Brian Parker
Secretary

11 August 2017

Sydney

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Committee of Management Statement

For the three month financial period ended 31 March 2017

On 11 August 2017 the Committee of Management of the Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the three month financial period ended 31 March 2017:

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the three month financial period 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 three month financial period to which the GPFR relates and since the end of that period:
 - i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit, have been kept, as far as practicable, in a manner consistent with each of the 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 Commissioner; and
 - vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.
- (f) where the reporting unit has derived revenue from undertaking recover of wages activity:
 - i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and
 - ii) the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the three month financial period in respect of such activity; and
 - iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
 - iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Committee of Management Statement

For the three month financial period ended 31 March 2017

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

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



Brian Parker
Secretary

11 August 2017
Sydney

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Statement of Profit or Loss and Other Comprehensive Income

For the three months ended 31 March 2017

		3 months to 31 March 2017	12 months to 31 December 2016
	Note	\$	\$
Revenue	3	2,723,543	10,646,461
Other income	3	130,482	1,173,542
Employee benefits expense	4	(1,468,142)	(6,867,417)
Capitation fees	4	(196,941)	(837,157)
Motor vehicle expenses		(55,738)	(239,786)
Legal costs	4	(282,741)	(1,119,104)
Depreciation and amortisation expense	8(a)	(55,348)	(210,661)
Distribution and printing expenses		(20,168)	(189,438)
Property expenses		(39,915)	(156,928)
Levies	4	(69,585)	(220,723)
Travel and accommodation costs		(42,688)	(237,038)
Insurance expenses		(37,085)	(221,529)
Affiliation fees	4	(47,960)	(130,490)
Fines and penalties	4	(11,209)	(185,421)
Advertising and promotion expenses		(97,256)	(67,863)
Other expenses		(162,957)	(817,534)
Impairment of loan to related party	6	-	(3,155)
Share of net profits of equity-accounted associates and joint ventures	17	-	466
Result for the period		266,292	316,225
Other comprehensive income:			
Changes in fair value of available-for-sale financial assets		88	1,415
Total comprehensive income for the period		266,380	317,640

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Balance Sheet

As at 31 March 2017

		31 March 2017	31 December 2016
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,193,277	399,315
Trade and other receivables	6	701,512	860,293
Other financial assets	7	292,783	290,272
TOTAL CURRENT ASSETS		2,187,572	1,549,880
NON-CURRENT ASSETS			
Trade and other receivables	6	1,268,945	1,773,446
Investment in associates	17	9,073	9,073
Investment in joint venture	18	100	100
Property, plant and equipment	8	526,503	581,851
TOTAL NON-CURRENT ASSETS		1,804,621	2,364,470
TOTAL ASSETS		3,992,193	3,914,350
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	1,983,392	2,000,574
Employee benefits	11	2,715,969	2,785,784
Other liabilities	10	38,719	55,231
TOTAL CURRENT LIABILITIES		4,738,080	4,841,589
NON-CURRENT LIABILITIES			
Employee benefits	11	36,119	121,147
TOTAL LIABILITIES		4,774,199	4,962,736
NET ASSET DEFICIENCY	1(l)	(782,006)	(1,048,386)
EQUITY			
Reserves	12(a)	5,328	5,240
Retained earnings		(787,334)	(1,053,626)
TOTAL EQUITY	1(l)	(782,006)	(1,048,386)

The accompanying notes form part of these financial statements.

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Statement of Changes in Equity

For the three month period ended 31 March 2017

	Retained Earnings	Financial Assets Reserve	Total
	\$	\$	\$
Balance at 1 January 2017	(1,053,626)	5,240	(1,048,386)
Result for the period	266,292	-	266,292
Other comprehensive income	-	88	88
Balance at 31 March 2017	(787,334)	5,328	(782,006)
Balance at 1 January 2016	(1,369,851)	3,825	(1,366,026)
Result for the year	316,225	-	316,225
Other comprehensive income	-	1,415	1,415
Balance at 31 December 2016	(1,053,626)	5,240	(1,048,386)

The accompanying notes form part of these financial statements.

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Statement of Cash Flows

For the three month financial period ended 31 March 2017

	3 months ended 31 March 2017	12 months ended 31 December 2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and contributions	3,050,009	13,341,258
Payments to suppliers and employees	(2,254,990)	(13,347,802)
Interest received	1,365	4,339
Net cash provided by/(used by) operating activities	796,384	(2,205)
	22(a)	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	(274,358)
Net payments for held to maturity investments	(2,422)	(4,137)
Net cash (used by) investing activities	(2,422)	(278,495)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by financing activities	-	-
Net increase/(decrease) in cash and cash equivalents held	793,962	(280,700)
Cash and cash equivalents at beginning of period	399,315	680,015
Cash and cash equivalents at end of the period	1,193,277	399,315
	5	

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

The financial report covers the Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch ("the Union") as an individual accounting reporting unit. The Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch is a not-for-profit Union, which is an organisation of employees registered under the *Fair Work (Registered Organisations) Act 2009* ("the RO Act"). In accordance with the RO Act, the Union is a separate accounting reporting unit with perpetual succession, and accordingly, by virtue of this method of incorporation, the Union is not subject to the *Corporations Act 2001*.

A resolution was passed by the Divisional Executive to vary the financial reporting period-end of the Union from 31 December, to become 31 March. This was approved by the Fair Work Commission and has been resolved to be put in place from the 3 month period ending 31 March 2017, with the first full year-end to be the 12 months to 31 March 2018.

The comparative period is the year ended 31 December 2016.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are a general purpose financial statements that has been prepared in accordance with the applicable Australian Accounting Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) and the *Fair Work (Registered Organisations) Act 2009*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian Dollars.

Separation of the State-registered and Federally-registered legal entities

The Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch ("the Federally-registered Union") has dual registration as being a Federally-registered Union as well as being the counterpart federal body of a Division of a State-registered Union. The Divisional Branch of the Federally-registered Union and the State Construction and General Division of the State-registered Union have the same members, the same Committee of Management members and the same Officials. Legal advice has been obtained that confirms that they are in fact constituent parts of separate legal entities.

Under the principles established by the two leading authorities in this area, namely *Moore v. Doyle (1969) 15 FLR 59 (Full Federal Court)* and *McJannet; ex parte Minister for Employment (etc.) Queensland and Another (Full High Court reported at (1997) 189 CLR 654)* the Federally-registered Union has prepared and lodged a separate financial report to that of the State-registered union, being the Construction Forestry Mining and Energy Union (New South Wales Branch) Construction and General Division. For further information on the separation of the entities and their respective assets, refer to note 1(l).

As at the balance date, The Committee of Management continues to believe that the dual registrations as both a State-registered and Federally-registered Union is still appropriate (refer note 23).

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

1 Summary of Significant Accounting Policies

(a) Basis of preparation

Accordingly, these financial statements have been prepared for the Federally-registered Union's Divisional Branch.

(b) Comparative figures

When required, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

When the Union applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a balance sheet as at the beginning of the earliest comparative period will be presented.

(c) Principles of consolidation

Joint Arrangements

AASB 11 *Joint Arrangements* defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch has determined that it has only joint ventures.

Joint ventures:

Joint ventures are those joint arrangements which provide the venturer with right to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method in accordance with AASB 128 *Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the venturer's share of losses of a joint venture equals or exceeds its interest in the joint venture, the venturer discontinues recognising its share of further losses.

The venturer's share in the joint ventures gains or losses arising from transactions between a venturer and its joint venture are eliminated.

Adjustments are made to the joint ventures accounting policies where they are different from those of the venturer for the purpose of the consolidated financial statements.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

1 Summary of Significant Accounting Policies

(c) Principles of consolidation

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost, where applicable, any accumulated depreciation and impairment of losses.

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

Depreciation

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

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

1 Summary of Significant Accounting Policies

(d) Property, plant and equipment

Depreciation

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

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

Fixed asset class	Depreciation rate
Buildings	2 - 5%
Furniture, Fixtures and Fittings	9 - 20%
Motor Vehicles	20%

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

(e) Financial instruments

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

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

Financial Assets

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

- loans and receivables;
- available-for-sale financial assets; and
- held-to-maturity investments.

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

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

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

1 Summary of Significant Accounting Policies

(e) Financial instruments

Loans and receivables

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

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

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

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

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

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

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

Held-to-maturity investments

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

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

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

1 Summary of Significant Accounting Policies

(e) Financial instruments

Available-for-sale financial assets

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

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

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

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

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

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

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

Impairment of financial assets

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

Financial assets at amortised cost

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

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

1 Summary of Significant Accounting Policies

(e) Financial instruments

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

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

Available-for-sale financial assets

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

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

1 Summary of Significant Accounting Policies

(g) Employee benefits

(ii) Other long-term employee benefit obligations

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(h) Leases

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

(i) Revenue and other income

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

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

Membership subscriptions

Revenue in relation to membership subscriptions is recognised on an accruals basis over the period of the membership.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

1 Summary of Significant Accounting Policies

(i) Revenue and other income

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Other income

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

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

(j) Funds held in trust

From time to time the Union will collect voluntary contributions from members, employers and other sources for furtherance of particular purposes, such as an appeal for the benefit of a member or the members as a group. For accounting purposes, these transactions are not treated as revenue as the Union is only operating as a facilitator to co-ordinate and collect funds for such appeals. Accordingly, all unspent/untransferred monies have been credited to the "Funds held in trust" account, as referred to in note 10.

(k) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

1 Summary of Significant Accounting Policies

(l) Going concern

This financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 31 March 2017:

- There was a net asset deficiency of \$782,006 (31 December 2016: \$1,048,386); and
- There was a net deficiency in current assets of \$2,550,508 (31 December 2016: \$3,291,709)

The distinction between the State and Federal registrations requires the preparation of separate financial reports. Refer to Note 1(a) for further information. The legal title to specific assets (and their related transactions/balances) are vested either solely with the State-registered Union, or treated identically in both the State and Federal Unions for financial reporting purposes. Accordingly, those assets vested solely with the State-registered Union have been excluded from this financial report, thus contributing significantly to the establishment of the net asset deficiencies noted above.

Accordingly, the Federally-registered union's ability to continue as a going concern is reliant on the financial support of the State-registered Union, whom has the financial capacity and legal intention to provide the appropriate level of support to allow the Union to pay its debts as and when they become due and payable. This agreed financial support is to continue indefinitely. This will be an interest free arrangement with repayments, if any, to be made as required by the State-registered Union.

As at 31 March 2017, with the financial report of the State-registered Union (having positive net assets and a surplus of current assets over current liabilities) being prepared on a going concern basis, the Committee of Management believe that the Union (having the same members, the same Committee of Management members and the same Officials as the State-registered Union) will continue as a going concern.

(m) Adoption of new and revised accounting standards

During the current period, there have been no new or revised accounting standards that have become mandatory, which have had a material impact (in the current year or retrospectively) upon the measurement of assets, liabilities, equity, income or expenses, nor upon the disclosures required in this financial report.

(n) New Accounting Standards and Interpretations

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

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

1 Summary of Significant Accounting Policies

(n) New Accounting Standards and Interpretations

(i) AASB 9 Financial Instruments

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model. The standard is mandatory for financial years commencing on or after 1 January 2018.

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

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

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

(ii) AASB 15 Revenue from contracts with customers

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

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

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

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

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

1 Summary of Significant Accounting Policies

(n) New Accounting Standards and Interpretations

(iii) AASB 16 Leases

The standard will affect primarily the accounting for the Group's operating leases. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

(o) Income tax

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

(p) Related party disclosures

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

2 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

2 Critical Accounting Estimates and Judgments

Key estimates - impairment of property, plant and equipment

The Union assesses impairment at the end of each reporting period by evaluating conditions specific to the Union that may be indicative of impairment triggers.

Key estimates - provisions

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

Key estimates - receivables

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

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

3 Revenue and other income

	3 months to 31 March 2017 \$	12 months to 31 December 2016 \$
Revenue from continuing operations		
- Membership subscriptions	2,536,386	9,803,338
- Fighting Levy	35,900	115,206
- Defend the Union National Campaign Levy	71,800	233,049
- Safety dinner	-	96,405
- Fighting fund receipts	16,546	68,151
- Attendance fees	14,657	53,470
- Promotion and advertising reimbursements	35,981	177,296
- EBA services	12,273	99,546
- Grants	-	-
- Donations	-	-
- Capitation fees	-	-
- Financial support received from another reporting unit	-	-
	2,723,543	10,646,461
Other revenue		
- Interest received	1,365	4,339
- Other income	36,458	131,067
- Picnic sponsorships	-	337,420
- Shared service agreement	91,568	688,796
- Gain on disposal of assets	1,091	11,920
	130,482	1,173,542

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

4 Result for the period

The result for the period includes the following specific expenses

	3 months to 31 March 2017	12 months to 31 December 2016
Note	\$	\$
Employee benefits expense comprises:		
<i>Office holders:</i>		
- Wages and salaries	124,755	649,821
- Superannuation	29,779	94,966
- Leave and other entitlements	(77,402)	178,092
- Separation and redundancies	4,545	22,541
- Other employee expenses (Including payroll tax and fringe benefit taxes)	10,544	43,053
	<u>92,221</u>	988,473
<i>Employees other than office holders:</i>		
- Wages and salaries	1,214,112	5,205,988
- Superannuation	121,123	580,424
- Leave and other entitlements	(77,443)	(375,612)
- Separation and redundancies	40,307	158,731
- Other employee expenses (Including payroll tax and fringe benefit taxes)	77,822	309,413
	<u>1,375,921</u>	5,878,944
Total employee benefits expense	<u><u>1,468,142</u></u>	<u><u>6,867,417</u></u>
Other expenses:		
Capitation fees paid to CFMEU C&G National Office	21 196,941	837,157

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

4 Result for the period

The result for the period includes the following specific expenses

		3 months to 31 March 2017	12 months to 31 December 2016
	Note	\$	\$
Affiliation fees			
Asbestos Disease Foundation of Australia		-	60
Australian Labor Party		16,846	66,468
Building Workers International		17,486	-
CRUMA		100	-
Hiroshima Day Committee		-	120
Newcastle Trades Hall		867	3,424
Sydney Alliance		-	5,280
Sydney May Day		-	500
Unions NSW - Labor Council of NSW		12,661	48,091
Unions NSW South Coast Labor Council		-	2,227
Workers Educational Association		-	68
Workers Health Centre		-	1,259
FCSWC		-	2,989
Tranby Co Op for Aborigines Ltd		-	4
		47,960	130,490
Levy - Defend the Union National Campaign Levy - paid to CFMEU National Office	21	-	182,105
Levy - Defend the Union National Campaign Levy - paid to CFMEU C&G National Office	21	69,585	38,618
	21	69,585	220,723
		-	-
Fees/allowances - meeting and conferences		2,256	34,519
Conference and meeting expenses		3,056	10,019
Donations - less than \$1,000		-	2,448
Donations - greater than \$1,000		-	47,942
Grants - less than \$1,000		-	-
Grants - greater than \$1,000		-	-
Penalties - via RO Act or RO Regulations		11,209	185,421
Consideration to employers for payroll deductions		-	-

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

4 Result for the period

The result for the period includes the following specific expenses

	3 months to 31 March 2017	12 months to 31 December 2016
Note	\$	\$
Legal costs - litigation	282,674	1,068,960
Legal costs - other legal matters	67	6,743
Legal costs - Royal Commission costs	21 -	43,401
	282,741	1,119,104

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

5 Cash and cash equivalents

	31 March 2017	31 December 2016
Note	\$	\$
Cash at bank	1,133,859	340,055
Cash on hand	9,000	9,000
Short-term bank deposits	50,418	50,260
	1,193,277	399,315

6 Trade and other receivables

	31 March 2017	31 December 2016
	\$	\$
CURRENT		
Trade receivables	378,401	359,878
Provision for impairment	6(b) -	-
Prepayments	248,200	380,006
Other receivables	74,911	120,409
	701,512	860,293

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

6 Trade and other receivables

		31 March 2017	31 December 2016
	Note	\$	\$
NON-CURRENT			
Related party receivable - State-registered Union	21	1,041,037	1,545,538
Loan - Comet Training Trust		362,544	362,544
Provision for impairment of loan	6(b)	(134,636)	(134,636)
		<u>1,268,945</u>	<u>1,773,446</u>

The Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch had previously advanced funds to an associate, the Comet Training Trust. The funds advanced have no set repayment date, with the timing of cash flows uncertain and dependent on the profitability of the associate. Each balance date an assessment of the recoverable amount is performed, with any excess over the carrying value provided for and charged to the statement of comprehensive income, thus ensuring that the carrying value does not exceed its recoverable amount. For the three month period ended 31 March 2017 no movement of the provision was required (year ended 31 December 2016: decreased by \$8,486).

(a) Receivables from other reporting units

		31 March 2017	31 December 2016
	Note	\$	\$
Prepayment of levies to CFMEU National Office	21	100,000	100,000
Receivable from State-registered Union	21	1,041,037	1,545,538
CFMEU C&G National Office	21	-	16,982
	21	<u>1,141,037</u>	<u>1,662,520</u>
Less provision for doubtful debts			
CFMEU National Office		-	-
State-registered Union		-	-
CFMEU C&G National Office		-	-
		<u>-</u>	<u>-</u>
Receivables from other reporting units (net)		<u>1,141,037</u>	<u>1,662,520</u>

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

6 Trade and other receivables

(b) Provision for doubtful debts

Movement in provision for impairment of receivables is as follows:

	3 months to 31 March 2017	12 months to 31 December 2016
	\$	\$
Balance at beginning of the period	134,636	143,122
Reversal of impairment	-	(8,486)
Balance at end of the period	134,636	134,636

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

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

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
31 March 2017							
Trade and term receivables	378,401	-	-	26,447	-	16,393	335,561
Other receivables	74,911	-	-	-	-	-	74,911
Total	453,312	-	-	26,447	-	16,393	410,472
31 December 2016							
Trade and term receivables	359,878	-	-	-	27,747	54,063	278,068
Other receivables	120,409	-	-	-	-	74,104	46,305
Total	480,287	-	-	-	27,747	128,167	324,373

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

6 Trade and other receivables

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

7 Other financial assets

		31 March 2017	31 December 2016
	Note	\$	\$
Available-for-sale financial assets	(a)	8,936	8,847
Held-to-maturity financial assets	(b)	283,847	281,425
		292,783	290,272

(a) Available-for-sale financial assets comprise:

		31 March 2017	31 December 2016
		\$	\$
Listed investments			
Shares in other corporations - fair value		8,936	8,847

(b) Held-to-maturity investments comprise:

		31 March 2017	31 December 2016
		\$	\$
Fixed interest term deposits		283,847	281,425

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

8 Property, plant and equipment

	31 March 2017	31 December 2016
	\$	\$
Furniture, fixture and fittings		
At cost	1,524,984	1,524,984
Accumulated depreciation	(1,382,239)	(1,365,696)
Total furniture, fixture and fittings	142,745	159,288
Motor vehicles		
At cost	1,033,080	1,063,969
Accumulated depreciation	(649,322)	(641,406)
Total motor vehicles	383,758	422,563
Total property, plant and equipment	526,503	581,851

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

8 Property, plant and equipment

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

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

	Furniture, Fixtures & Fittings	Motor Vehicles	Total
	\$	\$	\$
Period ended 31 March 2017			
Balance at the beginning of year	159,288	422,563	581,851
Depreciation expense	(16,543)	(38,805)	(55,348)
Balance at the end of the period	142,745	383,758	526,503
Year ended 31 December 2016			
Balance at the beginning of year	150,750	381,906	532,656
Additions	79,585	194,773	274,358
Disposals - written down value	-	(14,502)	(14,502)
Depreciation expense	(71,047)	(139,614)	(210,661)
Balance at the end of the year	159,288	422,563	581,851

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

9 Trade and other payables

	Note	31 March 2017 \$	31 December 2016 \$
Trade payables		69,867	55,665
Sundry payables and accrued expenses		480,350	327,207
Capitation fees payable		31,091	31,091
Legal costs payable - Litigation		252,820	280,321
Legal costs payable - Other		-	-
Consideration to employers for payroll deductions		-	-
Unearned income		1,149,264	1,306,290
		1,983,392	2,000,574

(a) Payables to other reporting entities:

CFMEU C&G National Office	21	147,307	54,581
CFMEU C&G Victoria and Tasmanian Branch	21	-	983

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

10 Other liabilities

	31 March 2017 \$	31 December 2016 \$
Fund held in trust	27,511	44,023
Unexpended grants carried forward	11,208	11,208
	38,719	55,231

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

11 Employee benefits

	31 March 2017	31 December 2016
	\$	\$
CURRENT		
Long service leave	1,544,014	1,554,769
Annual leave	1,061,943	1,074,198
Separation and redundancies	-	-
Other	110,012	156,817
	<u>2,715,969</u>	<u>2,785,784</u>
NON-CURRENT		
Long service leave	36,119	121,147
Annual leave	-	-
Separation and redundancies	-	-
Other	-	-
	<u>36,119</u>	<u>121,147</u>

(a) Total employee benefits attributable to:

	31 March 2017	31 December 2016
	\$	\$
Office Holders:		
Annual leave - current	128,504	304,204
Long service leave - current	239,455	358,905
Separations and redundancies	-	-
Other	-	-
	<u>367,959</u>	<u>663,109</u>

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

11 Employee benefits

(a) Total employee benefits attributable to:

	31 March 2017	31 December 2016
	\$	\$
Employees other than office holders:		
Annual leave - current	933,435	769,996
Long service leave - current	1,304,559	1,195,862
Long service leave - non-current	36,119	121,147
Separation and redundancies	-	-
Other - current	110,014	156,817
	<u>2,384,127</u>	<u>2,243,822</u>
Total employee benefits	<u>2,752,086</u>	<u>2,906,931</u>

12 Reserves

(a) Financial asset reserve

Change in the fair value of available for sale investments are recognised in other comprehensive income - financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

(b) Other specific disclosures - Funds

There are no funds operated, or required to be operated, by the Union.

13 Capital and leasing commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	31 March 2017	31 December 2016
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	21,736	43,473
	<u>21,736</u>	<u>43,473</u>

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

13 Capital and leasing commitments

Operating lease commitments

Operating leases have been taken out for properties. Lease payments are adjusted on an annual basis to reflect market rentals.

14 Financial risk management

The main risks Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of foreign currency risk and equity price risk.

The Union's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

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	31 March 2017 \$	31 December 2016 \$
Financial Assets			
Cash and cash equivalents	5	1,193,277	399,315
Trade receivables	6	378,401	359,878
Other receivables	6	74,911	120,409
Held-to-maturity investments	7	283,847	281,425
Loans receivable	6	1,268,945	1,773,446
Available-for-sale financial assets - at fair value:			
- listed shares in other corporations	7	8,936	8,847
Total financial assets		3,208,317	2,943,320
Financial Liabilities			
Trade and other payables	9	861,639	738,307

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

14 Financial risk management

The table below reflect an undiscounted contractual maturity analysis for financial liabilities.

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

Financial liability maturity analysis - Non-derivative

	Within 1 year		Total	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables	861,639	738,307	861,639	738,307

(i) Other price risk

The Union are exposed to equity securities price risk. This arises from listed and unlisted investments held by the Union and classified as available-for-sale on the balance sheet.

Equity instruments are held for strategic rather than trading purposes and the Union does not actively trade these investments.

The Union is not exposed to commodity price risk.

At reporting date, if the Australian Stock Exchange index had increased / decreased by 10.00% with all other variables held constant and all of the Union's equity instruments moved according to the historical correlation with the index, the impact on profit and equity is shown in the table below:

	2017		2016	
	+10.00%	-10.00%	+10.00%	-10.00%
ASX Index				
Impact on post-tax profit	-	-	-	-
Impact on equity	89	(89)	88	(88)

There is no profit impact, except for investments held at fair value through profit or loss. Equity would increase / decrease as a result of fair value movements through the investment reserve.

Construction Forestry Mining and Energy Union Construction and General Division

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Notes to the Financial Statements

For the three month period ended 31 March 2017

14 Financial risk management

Credit risk

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

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

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

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

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

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

Net income and expense from Financial Assets

	3 months ended 31 March 2017	3 months ended 31 March 2016
	\$	\$
Held-to-maturity		
Interest revenue	1,365	4,339
Available for sale		
Gain recognised in equity	88	1,415

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

15 Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch during the period are as follows:

	3 months ended 31 March 2017	12 months ended 31 December 2016
	\$	\$
Short-term employee benefits	146,847	756,929
Other long-term benefits	(28,809)	70,984
Post-employment benefits	32,701	94,966
Termination benefits	4,545	22,541
	<u>155,284</u>	<u>945,420</u>

16 Auditor's remuneration

	3 months to 31 March 2017	12 months to 31 December 2016
	\$	\$
Remuneration of the auditor of the Union, Daley & Co Chartered Accountants, for:		
- auditing or reviewing the financial statements	62,050	49,220
- taxation services	-	1,080
	<u>62,050</u>	<u>50,300</u>

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

17 Interests in Associates

Aggregate information for associates that are not individually material

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch has interests in one associate, being UPlus, which is not considered individually material. The table below summarises the financial information.

	31 March 2017	31 December 2016
	\$	\$
Carrying amount of investments in associates that are not individually material	<u>9,073</u>	<u>9,073</u>
Share of those associates:		
Profit or loss from continuing operations	<u>-</u>	<u>-</u>

18 Interests in Joint Ventures

The Union has joint control over the Comet Training Trust. The carrying value of this investment at 31 March 2017 is \$100 (31 December 2016: \$100).

19 Fair Value Measurement

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

- Financial assets
 - Listed Shares

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

19 Fair Value Measurement

Fair value hierarchy

The table below shows the assigned level for each asset and liability held at fair value by the union:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 March 2017				
Recurring fair value measurements				
Financial assets				
Listed Shares	8,936	-	-	8,936
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 December 2016				
Recurring fair value measurements				
Financial assets				
Listed Shares	8,847	-	-	8,847

20 Contingent liabilities

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch had the following contingent liabilities at the end of the reporting period:

There are seven (7) matters before the federal courts in which the ABCC is claiming the Union and/or its officials contravened the Fair Work Act 2009 as a result of alleged incidents on construction sites. It is uncertain to what extent these claims against the Union by the ABCC will be upheld and what court orders may be made against or in favour of the Union. The fines and ultimate outcomes of these claims (individually and collectively) cannot be measured reliably.

The Union has agreed to indemnify two former employed officials for legal costs to defend criminal charges of alleged assault arising out of incidents in which the officials exercised their lawful right to enter a construction site as union officials. The charges raise important questions of fact and law for the Union concerning the right of an official to use reasonable force to gain access to a construction site when obstructed by an employer. It cannot at this stage be measured reliably what legal costs will ultimately be incurred to defend these matters and it is inappropriate for the Union to make further comment whilst these officials are before the Court.

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

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

21 Related party transactions

Related Parties

(a) Key management personnel

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

For details of disclosures relating to key management personnel, refer to Note 15: Key Management Personnel Compensation.

(b) Transactions with related parties

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

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

21 Related party transactions

(b) Transactions with related parties

The following transactions occurred with related parties:

(i) Income

	3 months to 31 March 2017	12 months to 31 December 2016
	\$	\$
Fees and distributions from UPlus	91,568	688,796
CFMEU C&G National - Travel	-	-
CFMEU C&G National - Sundry	9,430	240
CFMEU C&G ACT - Travel expenses	-	1,135
CFMEU C&G ACT - Safety Dinner	-	2,273
CFMEU C&G Victoria & Tasmanian Branch - Fundraiser	-	200
CFMEU C&G Western Australia - Fundraiser	2,500	500
CFMEU Forestry and Furnishing Products Division - Merchandise	-	414
CFMEU Forestry and Furnishing Products Division - Fundraising	-	200
CFMEU C&G National - Travel & Entertainment reimbursement	-	18,005
CFMEU C&G National - Wages reimbursement	-	7,277
CFMEU C&G National - Cbus attendance fee	-	29,610
CFMEU C&G National - Safety dinner	-	909
CFMEU C&G National - Dues	-	1,500
CFMEU Mining & Energy - Mackay - Freight	-	427

(ii) Rental expense

	3 months to 31 March 2017	12 months to 31 December 2016
	\$	\$
CFMEU C&G National Office	20,829	72,923

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

21 Related party transactions

(iii) Capitation and other fees

	3 months to 31 March 2017	12 months to 31 December 2016
	\$	\$
CFMEU M&E Queensland - Travel	-	1,222
CFMEU M&E Queensland - Fundraising	-	10,000
CFMEU M&E Queensland - Sundry fees	-	455
CFMEU C&G Western Australia - Fundraiser	-	2,000
CFMEU C&G Western Australia - Merchandise	-	1,045
CFMEU C&G Queensland & Northern Territory - Fundraising	-	1,000
CFMEU C&G Queensland & Northern Territory - Sundry	19,850	-
CFMEU C&G Victorian & Tasmanian branch - legal fees	-	15,408
CFMEU C&G Victorian & Tasmanian branch - Merchandise	-	2,364
CFMEU C&G Victorian & Tasmanian Branch - Sundry	3,096	-
CFMEU C&G National Office - Capitation Fees	196,941	837,157
CFMEU C&G National Office - Campaign Levies	69,585	38,618
CFMEU C&G National Office - Royal Commission Costs	-	43,401
CFMEU C&G National Office - Travel expenses	-	12,037
CFMEU C&G National Office - Legal expenses	-	274,822
CFMEU C&G National Office - Sundry operating expenses	78,395	218,189
CFMEU National Office - Campaign levies	-	182,105

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

21 Related party transactions

(iv) Trade and other receivables

	31 March 2017	31 December 2016
	\$	\$
CFMEU C&G National Office	-	16,982
Prepayment of levies to CFMEU National Office	100,000	100,000
Receivable from Comet Training Trust	74,104	74,104
Receivable from UPlus Pty Limited	-	44,270
Receivable from State-registered Union	1,041,037	1,545,538
 <i>Loans to other related parties:</i>		
Loan to Comet Training Trust (net of impairment provision)	227,908	227,908

No trade or other receivables from other reporting units are deemed to be impaired, and therefore no provision for impairment has been raised at balance date (31 December 2016: Nil)

(v) Trade and other payables:

	31 March 2017	31 December 2016
	\$	\$
CFMEU C&G Victoria & Tasmania Branch	-	983
CFMEU C&G National Office	147,307	54,581
Payable to UPlus Pty Limited	5,000	5,000

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Notes to the Financial Statements

For the three month period ended 31 March 2017

22 Cash flow information

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

	3 months to 31 March 2017	12 months to 31 December 2016
	\$	\$
Result for the period	266,292	316,225
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	55,348	211,021
- net loss on disposal of plant and equipment	-	14,142
- net loss on revaluation of investment in associate	-	3,155
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	531,541	(518,618)
- (increase)/decrease in other assets	131,806	(148,689)
- increase/(decrease) in trade payables and other operating liabilities	(33,758)	318,082
- (decrease) in provisions	(154,845)	(197,523)
Cashflow from operations	796,384	(2,205)

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

22 Cash flow information

(b) Cash flow information - cash inflows/(outflows) from other reporting units - (excluding GST)

	3 months to 31 March 2017	12 months to 31 December 2016
	\$	\$
CFMEU C&G ACT Branch	-	3,408
CFMEU C&G Queensland and Northern Territory Branch	-	(1,000)
CFMEU Forestry and Furnishing Products Division	-	614
CFMEU C&G Victorian Branch	(4,079)	(17,780)
CFMEU M&E Queensland Branch	(19,850)	-
CFMEU C&G Western Australia Branch	2,500	(2,545)
CFMEU C&G National Office	(252,755)	(1,285,647)
CFMEU National Office	-	(273,014)
CFMEU M&E Queensland branch	-	(11,250)

Refer to note 1(p) to further commentary in relation to the consistency of transactions and balances between reporting units.

23 Events after the end of the Reporting Period

Separation of entities for financial reporting purposes

Following extensive consultation with the Union's legal advisers and the Fair Work Commission, the Committee of Management have considered the continued application of the legal principles referred to in note 1(a), in relation to the separation of the State-registered and Federally-registered legal entities for financial reporting purposes. On 12 May 2017, the Committee of Management of both entities passed a resolution to formally allocate every balance and transaction to either the State-registered or the Federally-registered Union entities, with no elements of the financial report to be mirrored in both organisations. This is to become effective from 1 April 2017, for the year ended 31 March 2018, with appropriate formal arrangements to be put in place.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Union, the results of those operations or the state of affairs of the Union in future financial years.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the three month period ended 31 March 2017

24 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or the 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).

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

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

1. The Federally-registered union's ability to continue as a going concern is reliant on the financial support of the State-registered Union, whom has the financial capacity and legal intention to provide the appropriate level of support to allow the Union to pay its debts as and when they become due and payable. Refer note 1(l) for further disclosure regarding the matters of going concern support relating to this Union.
2. The Union has not agreed or does not have an agreement to provide financial support to another reporting unit to ensure its ability as a going concern; and
3. The Union has not acquired an asset or liability as a result of amalgamation, restructure or alternative reporting unit determination or revocation.
4. The financial affairs of the Union are not administered by a third party.

**Construction Forestry Mining and Energy Union Construction and General Division
New South Wales Divisional Branch**

Recovery of Wages Activity

For the three month financial period ended 31 March 2017

	3 months to 31 March 2017 \$	12 months to 31 December 2016 \$
Cash assets in respect of recovered money at the beginning of the period	-	1,814
Receipts		
Amounts recovered from employers in respect of wages	8,469	901,553
Interest received on recovered money	-	-
	8,469	901,553
Payments		
Deductions of amounts due in respect of membership for:		
- 12 months or less	(450)	(92,509)
- Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
- The reporting unit - Fighting Fund	-	(24,076)
- Other entities:		
- ACIRT	-	(99,640)
- CBUS	-	(213,492)
- Australian Super	-	(1,500)
Other payments	-	(2,530)
Payments to workers in respect of recovered monies	(8,019)	(469,620)
	(8,469)	(903,367)
Cash assets in respect of recovered money at the end of the year	-	-
Number of workers to which receipts recovered from employers relate	5	451
Aggregate payables to workers attributable to recovered monies but not yet distributed:		
- Payable balance	-	-
- Number of workers to which undistributed wage recoveries relate	-	-

The accompanying notes form part of these financial statements.

Independent Audit Report to the members of Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch (the Reporting Unit), which comprises the balance sheet as at 31 March 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three months ended 31 March 2017, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch as at 31 March 2017, and its financial performance and its cash flows for the three month period ended on that date in accordance with:

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

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

Basis for Opinion

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

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

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

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

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

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

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on the Recovery of Wages Activity financial report

Opinion on the recovery of wages activity financial report

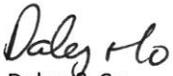
The scope of our work extended to the recovery of wages activity and we have audited the recovery of wages activity financial report for the three month period ended 31 March 2017.

In our opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- (a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- (b) any donations or other contributions deducted from recovered money.

Responsibilities

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. Our responsibility is to express an opinion on the recovery of wages activity financial report, based on our audit conducted in accordance with Australian Auditing Standards.


Daley & Co
Chartered Accountants


Stephen Milgate
Partner

Wollongong
11 August 2017

Registration number (as registered by the RO Commissioner under the RO Act): AA 2017/127.

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