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

Financial Statements

For the Year Ended 31 March 2020

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

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Financial Statements

For the year ended 31 March 2020

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

Operating Report

For the year ended 31 March 2020

The Committee of Management presents its operating report of the Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch ("the Union") for the year ended 31 March 2020.

Names of Committee of Management members and period positions held during the financial year

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

Name	Position	Period of Appointment
Mr D Greenfield	Secretary	1/4/19 to 31/3/2020
Ms R Mallia	President	1/4/19 to 31/3/2020
Mr R Kera	Assistant Secretary	1/4/19 to 31/3/2020
Mr M Greenfield	Assistant Secretary	1/4/19 to 31/3/2020
Mr L Allen	COM Member	1/4/19 to 31/3/2020
Mr S Andrew	COM Member	1/4/19 to 31/3/2020
Mr S Buterin	COM Member	1/4/19 to 31/3/2020
Mr H Byrnes	COM Member	1/4/19 to 31/3/2020
Mr M Cambourn	COM Member	1/4/19 to 31/3/2020
Mr G Cameron	COM Member	1/4/19 to 31/3/2020
Mr B Cartwright	COM Member	1/4/19 to 31/3/2020
Mr C Chapman	COM Member	1/4/19 to 31/3/2020
Mr D Damjanovic	COM Member	1/4/19 to 31/3/2020
Mr P Genovese	COM Member	1/4/19 to 31/3/2020
Mr D Hackett	COM Member	1/4/19 to 31/3/2020
Mr M Hammoud	COM Member	1/4/19 to 31/3/2020
Mr R Ianni	COM Member	1/4/19 to 31/3/2020
Mr M Jones	COM Member	1/4/19 to 31/3/2020
Mr P Kenniff	COM Member	1/4/19 to 31/3/2020
Mr M Lynch	COM Member	1/4/19 to 31/3/2020
Mr David McNamara	COM Member	1/4/19 to 31/3/2020
Mr Denis McNamara	COM Member	1/4/19 to 31/3/2020
Mr P Midson	COM Member	1/4/19 to 31/3/2020
Mr C Munroe	COM Member	1/4/19 to 31/3/2020
Mr D Reeves	COM Member	1/4/19 to 31/3/2020
Mr Y Sievas	COM Member	1/4/19 to 31/3/2020
Mr W Whitney	COM Member	1/4/19 to 31/3/2020
Mr Y McHaiche	COM Member	17/5/19 to 31/3/2020

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

Operating Report

For the year ended 31 March 2020

Review of principal activities, the results of these activities and any significant changes in the nature of those activities during the year

The principal activities of Construction Forestry Maritime Mining & Energy Union Construction and General Division New South Wales Divisional Branch during the financial year 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 CFMMEU 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 activities occurred during the financial year.

A review of the operations and the results of the Union is performed in the regular meetings of the Committee of Management. The Committee of Management believe that they have furthered the interests of their members throughout the year through the conducting of the Union's principal activities.

The surplus for the Union for the year ended 31 March 2020 was $5,865,668 (2019: $4,739,664) and the Committee of Management believe that the activities of the Union have achieved their objectives for the financial year.

Significant changes in financial affairs

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

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].

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

Operating Report

For the year ended 31 March 2020

Officers or members who are superannuation fund trustees or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

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.

Number of members

There were 26,528 members of the Union as at 31 March 2020 (2019: 24,190).

Number of employees

As at 31 March 2020 the Union had 44 full-time equivalent employees (2019: 45).

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

Darren Greenfield
Secretary

Dated: 17 July 2020

Sydney

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

Committee of Management Statement

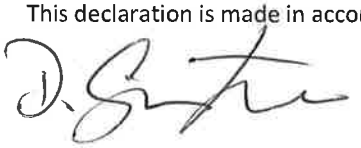
For the year ended 31 March 2020

On 17 July 2020 the Committee of Management of the Construction Forestry Maritime 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 year ended 31 March 2020:

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 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 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 Fair Work Commission under section 273 of the RO Act, there has been compliance.

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



Darren Greenfield
Secretary

17 July 2020
Sydney

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

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	Note	2020 $	2019 $
Revenue from contracts with customers	3	**18,161,625**	16,214,880
Other income	3	**2,047,587**	2,371,186
Gain/(loss) from equity accounted investments	16	**(11,075)**	4,015
Employee benefits expense	4	**(7,733,542)**	(7,438,115)
Capitation fees	4	**(1,397,269)**	(1,144,539)
Fines and penalties	4	**(833,400)**	(326,500)
Legal costs	4	**(646,516)**	(758,266)
Campaign expenses		**(547,295)**	(53,507)
Levies	4	**(541,157)**	(298,024)
Picnic expenses		**(376,846)**	(268,994)
Motor vehicle expenses		**(318,614)**	(260,636)
Depreciation and amortisation expense	8(a)	**(226,372)**	(182,478)
Travel and accommodation costs		**(193,623)**	(234,423)
Postage expense		**(127,111)**	(130,683)
Donations	4	**(126,907)**	(504,827)
Insurance expenses		**(121,912)**	(108,419)
Distribution and printing expenses		**(116,914)**	(183,090)
Communications expense		**(104,071)**	(129,537)
Property expenses		**(59,393)**	(827,001)
Advertising and promotion expenses		**(54,963)**	(98,058)
Affiliation fees	4	**(28,972)**	(29,676)
Lease expense	12	**(449,353)**	-
(Bad debts expense)/reversal of provision		**95,816**	(415,599)
Contributions to CFMMEU C&G National Office	4	**-**	(25,952)
Other expenses		**(424,055)**	(432,093)
Result for the year		**5,865,668**	4,739,664
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**5,865,668**	4,739,664

The accompanying notes form part of these financial statements.

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

Balance Sheet

As at 31 March 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**13,239,889**	11,150,148
Trade and other receivables	6	**978,192**	698,263
Other financial assets	7	**10,484**	437,707
TOTAL CURRENT ASSETS		**14,228,565**	12,286,118
NON-CURRENT ASSETS			
Trade and other receivables	6	**-**	-
Investment in associates	16	**6,396**	17,471
Investment in joint venture	17	**1**	-
Property, plant and equipment	8	**723,228**	672,720
Right-of-use assets	12	**35,131**	-
TOTAL NON-CURRENT ASSETS		**764,756**	690,191
TOTAL ASSETS		**14,993,321**	12,976,309
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**3,364,792**	7,313,727
Lease liabilities	12	**17,274**	-
Employee benefits	11	**2,639,880**	2,540,882
Other liabilities	10	**40,131**	69,526
TOTAL CURRENT LIABILITIES		**6,062,077**	9,924,135
NON-CURRENT LIABILITIES			
Employee benefits	11	**50,998**	57,652
Lease liabilities	12	**20,056**	-
TOTAL LIABILITIES		**6,133,131**	9,981,787
NET ASSETS/(LIABILITIES)		**8,860,190**	2,994,522
EQUITY			
Retained earnings		**8,860,190**	2,994,522
TOTAL EQUITY		**8,860,190**	2,994,522

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2020

	Retained Earnings	Financial Assets Reserve	Total
	$	$	$
Balance at 31 March 2019	**2,994,522**	**-**	**2,994,522**
Result for the year	**5,865,668**	**-**	**5,865,668**
Balance at 31 March 2020	**8,860,190**	**-**	**8,860,190**
Balance at 31 March 2018	(1,753,368)	8,226	(1,745,142)
Transfer on adoption of AASB 9	8,226	(8,226)	-
Balance at 1 April 2018	(1,745,142)	-	(1,745,142)
Result for the year	4,739,664	-	4,739,664
Balance at 31 March 2018	2,994,522	-	2,994,522

The accompanying notes form part of these financial statements.

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

Statement of Cash Flows

For the year ended 31 March 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and contributions		**21,696,601**	20,164,445
Payments to suppliers and employees		**(19,434,686)**	(12,410,680)
Interest paid		**(1,836)**	-
Payment for short term leases		**(430,627)**	-
Interest received		**126,606**	31,981
Net cash provided by operating activities	21(a)	**1,956,058**	7,785,746
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for plant and equipment		**(286,706)**	(529,058)
Proceeds from sale of plant and equipment		**9,826**	19,920
Proceeds from sale of held to maturity investments		**425,227**	187,674
Net cash provided by/(used by) investing activities		**148,347**	(321,464)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease liability		**(14,664)**	-
Net cash used by financing activities		**(14,664)**	-
Net increase in cash and cash equivalents held		**2,089,741**	7,464,282
Cash and cash equivalents at beginning of year		**11,150,148**	3,685,866
Cash and cash equivalents at end of year	5	**13,239,889**	11,150,148

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies

(a) Basis of preparation

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 Union 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.

(b) Comparative figures

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

(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 Maritime 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.

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies (continued)

(c) Principles of consolidation (continued)

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.

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.

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
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.

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments

Financial instruments are recognised initially on the date that the Union becomes party to the contractual provisions of the instrument.

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

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Union classifies its financial assets into the following categories, those measured at:

- amortised cost; or
- fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Union changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Union's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the balance sheet.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Contract assets and receivables

A contract asset is recognised when the the Union's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the the Union's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Union's historical experience and informed credit assessment and including forward looking information.

The Union uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Union uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Union in full, without recourse to the Union to actions such as realising security (if any is held); or
- the financial assets is more than 6 months past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Union in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

Contract assets and receivables

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Union has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Union renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Union measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Union comprise trade payables.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Union transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Union performs under the contract (i.e., transfers control of the related goods or services to the customer).

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies (continued)

(f) Cash and cash equivalents

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

(g) Employee benefits

(i) Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(ii) 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.

(iii) 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.

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

Accounting policy applied from 1 April 2019

At inception of a contract, the Union assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies (continued)

(h) Leases (continued)

Accounting policy applied from 1 April 2019 (continued)

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Union has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Union has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

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

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

(i) Right-of-use asset

At the lease commencement, the Union recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Union believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

(ii) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Union's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Union's assessment of lease term.

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies (continued)

(h) Leases (continued)

(ii) Lease liability (continued)

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Union has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Union recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Accounting policy applied prior to 1 April 2019

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

Accounting policy applied from 1 April 2019

The Union enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, levies and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Union expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:
1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies (continued)

(i) Revenue and other income (continued)

Revenue from contracts with customers (continued)

None of the revenue streams of the Union have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Union.

There is only one distinct membership service promised in the arrangement. Accordingly, the Union recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Union promise to stand ready to provide assistance and support to the member as required.

For member subscriptions paid annually in advance, the Union has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Union at their standalone selling price, the Union accounts for those sales as a separate contract with a customer.

Levies

Levies paid by a member (or other party) in an arrangement that meets the criteria to be a contract with a customer is recognised as revenue when or as the Union transfers the the goods or services that will transfer as part of its sufficiently specific promise to the branch.

In circumstances where the criteria for a contract with a customer are not met, the Union will recognise levies as income upon receipt.

Interest revenue

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

Volunteer services

During the year the Union did not recognise any volunteer services as revenue because it could not reliably measure the fair value of these services.

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies (continued)

(i) Revenue and other income (continued)

Other income

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

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

Accounting policy applied prior to 1 April 2019

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.

Sale of goods

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the Union retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the Union.

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.

Membership subscriptions

Revenue in relation to membership subscriptions is recognised on an accruals basis and is recorded as revenue in the year to which it relates.

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies (continued)

(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 payables 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.

(l) Going concern

The Union has agreed to provide financial support the Construction Forestry Mining and Energy Union (New South Wales Branch) Construction and General Division ("the State Registered Union") to ensure it can continue on a going concern basis.

The agreed financial support is to continue indefinitely. This is under an interest free arrangement with repayments, if any, to be made as required. During the year ended 31 March 2020, no payments in relation to financial support were made to the State Registered Union. The agreement is also reciprocated by the State Registered Union, if required, however the Union is currently not reliant on this financial support to continue on a going concern basis.

(m) Change in accounting policy

The Union has adopted all standards which became effective for the first time during the year 31 March 2020. Refer to note 22 for the details of the changes due to the standards adopted.

(n) New Accounting Standards and Interpretations

Certain new accounting standards have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Union. These standards are not expected to have a material impact on the Union in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements

For the year ended 31 March 2020

1 Summary of Significant Accounting Policies (continued)

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

From time-to-time, the National Office of the Construction & General Division of the CFMMEU ("the National Office") coordinates various administrative activities on behalf of the Union. This includes the collation of certain costs, which are apportioned to the appropriate branches and invoiced in full. Accordingly, with the National Office merely being the facilitator of such transactions between the Union and independent third parties (and there is no profit component in recharging these costs), these are not considered to be related party expenditures of the Union and hence are not required to be disclosed. Notwithstanding this, the transfer of funds to meet these obligations remain related party transactions, and accordingly have been disclosed in the related party cash flows reported at note 21. Additionally, any amounts outstanding as at balance date between related parties have been disclosed at notes 6 or 9.

(q) Capitation fees and levies

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

Notes to the Financial Statements

For the year ended 31 March 2020

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.

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 - useful lives of depreciable assets

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

Key estimates - employee entitlements

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.

Notes to the Financial Statements

For the year ended 31 March 2020

3 Revenue and other income

	2020 $	2019 $
Revenue from contracts with customers		
- Membership subscriptions	**15,382,986**	13,750,456
- Fighting Levy - Compulsory	**1,965,678**	1,664,633
- Defend the Union National Campaign Levy - Compulsory	**346,680**	298,024
- Promotion and advertising reimbursements	**175,915**	199,019
- EBA services	**149,091**	295,908
- Fighting fund receipts	**141,275**	6,840
	18,161,625	16,214,880
Other revenue		
- Distribution from joint venture	**1,140,593**	1,080,478
- Direct advertising	**386,243**	256,776
- Attendance fees	**148,784**	67,824
- Investment income	**126,606**	31,981
- Merchandise sales	**21,631**	169,186
- Shared service agreement	**4,061**	4,434
- Reduction in prior year provision for fines expense via RO Act or the Fair Work Act 2009	-	377,250
- Rent received	-	177,685
- Other income	**219,669**	205,572
	2,047,587	2,371,186

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

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated, the following table shows this breakdown:

	2020 $
Timing of revenue recognition	
- At a point in time	**2,778,639**
- Over time	**15,382,986**
	18,161,625

Notes to the Financial Statements

For the year ended 31 March 2020

4 Result for the period

The result for the period includes the following specific expenses

	2020	2019
	$	$
Employee benefits expense comprises:		
Holders of office:		
- Wages and salaries	**661,953**	564,333
- Superannuation	**102,168**	97,954
- Leave and other entitlements	**150,432**	146,458
- Separation and redundancies	**34,578**	37,380
- Other employee expenses (Including payroll tax and fringe benefit taxes)	**43,608**	44,302
	992,739	890,427
Employees other than office holders:		
- Wages and salaries	**4,710,928**	4,373,246
- Superannuation	**879,658**	919,969
- Leave and other entitlements	**675,375**	797,126
- Separation and redundancies	**183,039**	114,029
- Other employee expenses (including payroll tax and fringe benefits taxes)	**291,803**	343,318
	6,740,803	6,547,688
Total employee benefits expense	**7,733,542**	7,438,115
Other expenses:		
Capitation fees paid to CFMMEU C&G National Office	**1,397,269**	1,144,539
Net loss on disposal of property, plant and equipment	**737**	41,621
Compulsory Levy - National campaign levy paid to CFMMEU C&G National Office	**541,157**	298,024

Notes to the Financial Statements

For the year ended 31 March 2020

4 Result for the period (continued)

The result for the period includes the following specific expenses (continued)

	2020	2019
	$	$
Affiliation fees		
Building Workers International	**27,628**	23,962
CRUMA	**-**	100
Sydney Alliance	**-**	5,494
Workers Health Centre	**1,344**	-
Hiroshima Day Committee	**-**	120
	28,972	29,676
Conference and meeting expenses	**3,645**	1,316
Donations - less than $1,000	**1,138**	-
Donations - greater than $1,000	**125,769**	504,827
	126,907	504,827
Penalties - via RO Act or the Fair Work Act 2009	**833,400**	326,500
Legal fees contribution paid to CFMMEU C&G National office	**-**	25,952
Legal costs - litigation	**608,627**	749,431
Legal costs - other legal matters	**37,889**	8,835
	646,516	758,266

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

Notes to the Financial Statements

For the year ended 31 March 2020

5 Cash and cash equivalents

	Note	2020 $	2019 $
Cash at bank		**13,230,889**	11,141,148
Cash on hand		**9,000**	9,000
		13,239,889	11,150,148

6 Trade and other receivables

CURRENT			
Trade receivables		**1,242,145**	1,006,570
Less: Allowance for unexpected credit losses	6(a)	**(498,364)**	(516,195)
Prepayments		**127,702**	81,001
Related party receivable - State Registered Union		**-**	24,774
Other receivables		**106,709**	102,113
		978,192	698,263
NON-CURRENT			
Receivable from Comet Training Trust		**-**	362,544
Provision for expected credit losses		**-**	(362,544)
		-	-

Notes to the Financial Statements

For the year ended 31 March 2020

6 Trade and other receivables (continued)

(a) Impairment of receivables

The Union applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 March 2020 is determined as follows, the expected credit losses incorporate forward looking information.

31 March 2020	Current	> 30 days overdue	> 90 days overdue	Total
Expected loss rate (%)	**10.00**	**47.00**	**0.00**	
Gross carrying amount ($)	**3,388**	**1,055,678**	**183,079**	**1,242,145**
ECL provision	**338**	**498,026**	**-**	**498,364**

31 March 2019	Current	< 30 days overdue	< 90 days overdue	Total
Expected loss rate (%)	10.00	46.00	100.00	
Gross carrying amount ($)	3,217	902,759	100,594	1,006,570
ECL provision	322	415,279	100,594	516,195

(b) Receivables from related parties

	2020 $	2019 $
Receivable from State registered Union	-	24,774

There are no doubtful debt provisions raised against any receivables from related parties.

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

7 Other financial assets

Financial assets at amortised cost		
Term deposits	-	425,227
Financial assets at fair value through profit or loss		
Listed shares - fair value	**10,484**	12,480
	10,484	437,707

Notes to the Financial Statements

For the year ended 31 March 2020

8 Property, plant and equipment

	2020	2019
	$	$
Furniture, fixture and fittings		
At cost	**158,547**	149,852
Accumulated depreciation	**(73,487)**	(44,876)
Total furniture, fixture and fittings	**85,060**	104,976
Motor vehicles		
At cost	**1,193,099**	1,188,275
Accumulated depreciation	**(554,931)**	(620,531)
Total motor vehicles	**638,168**	567,744
Total property, plant and equipment	**723,228**	672,720

Notes to the Financial Statements

For the year ended 31 March 2020

8 Property, plant and equipment (continued)

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

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

	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	$	$	$
Year ended 31 March 2020			
Balance at the beginning of year	**104,976**	**567,744**	**672,720**
Additions	**8,694**	**278,012**	**286,706**
Disposals - written down value	**-**	**(9,826)**	**(9,826)**
Depreciation expense	**(28,610)**	**(197,762)**	**(226,372)**
Balance at the end of the year	**85,060**	**638,168**	**723,228**
Year ended 31 March 2019			
Balance at the beginning of year	146,069	241,612	387,681
Additions	50,049	479,009	529,058
Disposals - written down value	(56,520)	(5,021)	(61,541)
Depreciation expense	(34,622)	(147,856)	(182,478)
Balance at the end of the year	104,976	567,744	672,720

Notes to the Financial Statements

For the year ended 31 March 2020

9 Trade and other payables

	2020 $	2019 $
Sundry payables and accrued expenses	**306,322**	2,939,412
Fines payable	**193,000**	1,522,800
Payable to state registered Union	**63,224**	-
Payable to CFMMEU C&G National Office	**206,890**	153,821
Legal costs payable - Litigation	**203,443**	241,409
Contract liability	**2,391,913**	2,456,285
	3,364,792	7,313,727

(a) Payables to other reporting entities:

CFMMEU C&G National Office	**206,890**	153,821
Australian Education Union NSW Teachers Federation Branch	-	5,651

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

(b) Unsatisfied performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2020 is $2,391,913 (31 March 2019: $2,456,285). Consistent with the prior year, the Union expects that all of the transaction price allocated to remaining performance obligations is expected to be recognised as revenue within one year. These performance obligations primarily relate to member subscription contracts and unearned income. All unearned income dislosed as a liability as at 31 March 2019 was recognised as revenue during the year ended 31 March 2020.

(c) Payable to related parties

Payable to State registered Union	**63,224**	-

10 Other liabilities

Fund held in trust	**28,870**	58,265
Unexpended grants carried forward	**11,261**	11,261
	40,131	69,526

Notes to the Financial Statements

For the year ended 31 March 2020

11 Employee benefits

	2020 $	2019 $
CURRENT		
Annual leave	**1,134,669**	1,172,248
Long service leave	**1,310,347**	1,176,142
Other	**194,864**	192,492
	2,639,880	2,540,882
NON-CURRENT		
Long service leave	**50,998**	57,652

(a) Total employee benefits attributable to:

Office Holders:		
Annual leave - current	**170,935**	137,557
Long service leave - current	**238,452**	179,258
Other - current	**18,147**	33,611
	427,534	350,426
Employees other than office holders:		
Annual leave - current	**963,734**	1,034,691
Long service leave - current	**1,071,895**	996,884
Long service leave - non-current	**50,998**	57,652
Other - current	**176,717**	158,881
	2,263,344	2,248,108
Total employee benefits	**2,690,878**	2,598,534

Notes to the Financial Statements

For the year ended 31 March 2020

12 Leases

The Union has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Union as a lessee

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The Union has several leases over buildings which are on a month-to-month basis and therfore have been classified as short tem leases. During the year a further lease for a period of 3 years with an option to renew for a further 3 years. The option period has not been included in the calculation of the lease liability, and if exercised will not have a material impact on the future cash outflows of the Union.

Right-of-use assets

	Buildings
	$
Year ended 31 March 2020	
Balance at beginning of year	-
Additions	**51,994**
Depreciation charge	**(16,863)**
Balance at end of year	**35,131**

Notes to the Financial Statements

For the year ended 31 March 2020

12 Leases (continued)

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	Total undiscounted lease liabilities	Lease liabilities included in the Balance Sheet
	$	$	$	$
2020				
Lease liabilities	**18,450**	**14,377**	**32,827**	**37,330**

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Union is a lessee are shown below:

	2020
	$
Interest expense on lease liabilities	**1,863**
Expenses relating to short-term leases	**430,627**
Depreciation of right-of-use assets	**16,863**
	449,353

Statement of Cash Flows

Total cash outflow for leases	**447,154**

Notes to the Financial Statements

For the year ended 31 March 2020

13 Financial risk management

The main risks Construction Forestry Maritime 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 equity price risk.

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

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 $	2019 $
Financial Assets			
Cash and cash equivalents	5	**13,239,889**	11,150,148
Trade and other receivables	6	**850,490**	617,262
Financial assets as FVTPL	7	**10,484**	12,480
Financial assets at amortised cost	7	**-**	425,227
Total financial assets		**14,100,863**	12,205,117
Financial Liabilities			
Trade and other payables	9	**972,879**	4,857,442
Lease liability	12	**37,330**	-
Total financial liabilities		**1,010,209**	4,857,442

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	
	2020 $	2019 $	2020 $	2019 $
Financial liabilities due for payment				
Trade and other payables	**972,879**	4,857,442	**972,879**	4,857,442

Notes to the Financial Statements

For the year ended 31 March 2020

13 Financial risk management (continued)

(i) Other price risk

The Union is not exposed to a material level of equity securities price risk. This risk arises from listed investments held by the Union and classified as fair value through profit or loss in the balance sheet.

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:

	2020		2019	
	+10.00%	-10.00%	+10.00%	-10.00%
ASX Index				
Impact on profit	**1,048**	**(1,048)**	1,248	(1,248)

(ii) 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.

Notes to the Financial Statements

For the year ended 31 March 2020

13 Financial risk management (continued)

Net income and expense from financial assets and liabilities

	2020	2019
	$	$
Amortised cost		
Interest revenue	**126,606**	31,981
Fair value through profit or loss		
Gain recognised in profit or loss	**(2,153)**	646
Amortised cost		
Interest paid - lease liability	**(1,836)**	-

14 Key Management Personnel Remuneration

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

Short-term employee benefits:		
Salary (including annual leave taken)	**876,115**	801,678
Annual leave accrued	**63,696**	56,143
	939,811	857,821
Post-employment benefits:		
Superannuation	**131,285**	103,189
Other long-term benefits		
Long service leave	**65,292**	23,531
Termination benefits	**29,649**	45,912
	1,166,037	1,030,453

15 Auditor's remuneration

Remuneration of the auditor of the Union, Daley Audit, for:		
- financial statement audit services	**38,200**	28,800
- fringe benefits tax services	**1,000**	1,000
	39,200	29,800

Notes to the Financial Statements

For the year ended 31 March 2020

16 Interests in Associates

Aggregate information for associates that are not individually material

Construction Forestry Maritime 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.

	2020	2019
	$	$
Carrying amount of investments in associates that are not individually material	**6,396**	17,471
Distributions from operations		
Distribution from joint venture	**1,140,593**	1,080,478
Shared services agreement	**4,061**	4,434
	1,144,654	1,084,912

17 Interests in Joint Ventures

The Union has joint control over the Comet Training Trust. The carrying value of this is investment at 31 March 2020 is $1 (31 March 2019: $Nil). The value is based on the amount the liquidator returned subsequent to year end.

18 Fair Value Measurement

The Union measures Financial assets - Listed Shares at fair value on a recurring basis:

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.

Notes to the Financial Statements

For the year ended 31 March 2020

18 Fair Value Measurement (continued)

Fair value hierarchy (continued)

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
2019	**$**	**$**	**$**	**$**
Recurring fair value measurements				
Financial assets				
Listed shares	**10,484**	-	-	**10,484**
Unlisted shares	-	-	**1**	**1**
2018				
Recurring fair value measurements				
Financial assets				
Listed shares	12,480	-	-	12,480

Level 3 valuation

The value is based on the amount the liquidator returned subsequent to year end.

19 Contingent liabilities

Construction Forestry Maritime 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 Federal courts in which the ABCC is claiming the Union and/or its officials contravened the Fair Work Act 2009 and/or the Building and Construction Industry (Improving Productivity) Act 2016 as a result of alleged incidents on construction sites. It is uncertain if and 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 pecuniary penalties and ultimate outcomes of these claims (individually and collectively) cannot be measured reliably.

There are three matters before the Federal Court to which the Union is a respondent, in which two former elected organisers from the NSW Divisional Branch claiming breach of union rules, as well as damages, compensation and civil penalties against the Union for alleged adverse action under the *Fair Work Act 2009*, together with breach of contract claims. It is uncertain if and to what extent these claims against the Union by these former organisers will be upheld and what orders may be made in favour or against the Union. The ultimate outcome of the applications against the Union by these two former organisers cannot be measured reliably.

Notes to the Financial Statements

For the year ended 31 March 2020

20 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 14: Key Management Personnel Remuneration.

(b) Transactions with related parties

Other transactions and/or balances with related parties are disclosed at notes 4, 6 and 9 .

The following transactions occurred with related parties:

	2020	2019
	$	$
(i) Income		
Distribution and service fees from UPlus	**1,144,654**	1,084,912
CFMMEU C&G National - Travel	**17,402**	15,378
CFMMEU C&G National - Sundry	**2,036**	43,062
CFMMEU C&G National - Director fees	**39,051**	-
CFMMEU C&G National - Bushfire appeal	**22,599**	-
CFMMEU Manufacturing Division - Electricity	**5,563**	-
CFMMEU Manufacturing Division - Rent	-	51,990

Notes to the Financial Statements

For the year ended 31 March 2020

20 Related party transactions (continued)

	2020 $	2019 $
(i) Capitation and other fees		
CFMMEU C&G National Office - Dentsu X cost contribution	**255,892**	-
CFMMEU C&G National Office - Bossman media cost contribution	**237,063**	-
CFMMEU C&G National Office - Bushfire appeal	**25,769**	-
CFMMEU C&G ACT Branch - Donation	**100,000**	-
CFMMEU C&G National Office - Change the Rules Campaign donation	-	249,915
CFMMEU C&G National Office - National Campaign donation	-	249,915
CFMMEU C&G National Office - Claire Murray documentary contribution	-	90,000
CFMMEU C&G National Office - Sundry expenses	-	4,355
CFMMEU C&G National Office - Rent	-	3,701
State registered Union - Rent	**389,175**	262,331
Maritime Union of Australia donation	-	4,998
CFMMEU C&G ACT Branch - Staff expenses	-	2,267
CFMMEU C&G Western Australia Branch - Travel expenses	-	5,514
Australian Education Union NSW Teachers Federation Branch - Rent	-	5,137

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

Notes to the Financial Statements

For the year ended 31 March 2020

21 Cash flow information

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

	2020	2019
	$	$
Result for the year	**5,865,668**	4,739,664
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**243,235**	182,478
- revaluation of investments	**13,070**	-
- loss/(gain) on disposal of plant and equipment	**-**	41,621
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(233,228)**	(161,721)
- (increase)/decrease in other assets	**(46,701)**	(6,998)
- increase/(decrease) in trade payables and other operating liabilities	**(3,978,330)**	3,031,811
- increase/(decrease) in provisions	**92,344**	(41,109)
Cashflow from operations	**1,956,058**	7,785,746

(b) Net cash flows from Reporting Units

Inflows		
CFMMEU C&G ACT Branch	**-**	10,000
CFMMEU C&G National Office	**86,936**	-
CFMMEU Manufacturing Division	**6,119**	62,399

(c) Net cash flows to Reporting Units

Outflows		
CFMMEU C&G ACT Branch	**(100,000)**	(2,494)
CFMMEU C&G National Office	**(2,745,934)**	(2,241,582)
CFMMEU C&G Western Australian Branch	**-**	(6,065)
CFMMEU Maritime Union of Australia Division	**-**	(4,998)
Australian Education Union NSW Teachers Federation Branch	**(5,651)**	-

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

Notes to the Financial Statements

For the year ended 31 March 2020

21 Cash flow information (continued)

(d) Changes in liabilities arising from financing activities

	2019	Additions	Repayments	2020
	$	$	$	$
Lease liabilities	-	51,994	(14,664)	37,330

22 Change in Accounting Policy

On 1 April 2019 the Union adopted the following new accounting standards that were mandatory for the first time:
- AASB 15 *Revenue from contracts with customers*
- AASB 16 *Leases*
- AASB 1058 *Income for Not-for-Profit Entities*

All standards have been applied to the year ended 31 March 2020, however, as allowed, comparatives have not been restated.

All standards resulted in changes to accounting policies, however no adjustments were required to be recognised in the financial statements.

23 Events after the end of the Reporting Period

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Union is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Union. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Union, the results of those operations, or the state of affairs of the Union in subsequent financial periods.

There were no other events that occurred after 31 March 2020, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

Notes to the Financial Statements

For the year ended 31 March 2020

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).

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

Officer Declaration Statement

For the year ended 31 March 2020

I, Darren Greenfield, being the Secretary of the Construction Forestry Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch, declare that the following activities did not occur during the reporting period ending 31 March 2020.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- 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
- ~~receive periodic or membership subscriptions~~
- ~~receive capitation fees or any other revenue amount from another reporting unit~~
- ~~receive revenue via compulsory levies~~
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- ~~pay capitation fees or any other expense to another reporting unit~~
- ~~pay affiliation fees to other entity~~
- ~~pay compulsory levies~~
- pay a grant that was $1,000 or less
- pay a grant that exceeded $1,000
- ~~pay a donation that was $1,000 or less~~
- ~~pay a donation that exceeded $1,000~~
- ~~pay wages and salaries to holders of office~~
- ~~pay superannuation to holders of office~~
- ~~pay leave and other entitlements to holders of office~~
- ~~pay separation and redundancy to holders of office~~
- ~~pay other employee expenses to holders of office~~
- ~~pay wages and salaries to employees (other than holders of office)~~
- ~~pay superannuation to employees (other than holders of office)~~
- ~~pay leave and other entitlements to employees (other than holders of office)~~
- ~~pay separation and redundancy to employees (other than holders of office)~~
- ~~pay other employee expenses to employees (other than holders of office)~~
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- ~~incur expenses due to holding a meeting as required under the rules of the organisation~~
- ~~pay legal costs relating to litigation~~
- ~~pay legal costs relating to other legal matters~~
- ~~pay a penalty imposed under the RO Act or the Fair Work Act 2009~~
- have a receivable with other reporting unit
- ~~have a payable with other reporting unit~~
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- ~~have a payable in respect of legal costs relating to litigation~~
- have a payable in respect of legal costs relating to other legal matters
- ~~have an annual leave provision in respect of holders of office~~
- ~~have a long service leave provision in respect of holders of office~~
- have a separation and redundancy provision in respect of holders of office
- ~~have other employee provisions in respect of holders of office~~
- ~~have a annual leave provision in respect of employees (other than holders of office)~~
- ~~have a long service leave provision in respect of employees (other than holders of office)~~

Officer Declaration Statement

For the year ended 31 March 2020

- have a separation and redundancy provision in respect of employees (other than holders of office)
- ~~have other employee provisions in respect of employees (other than holders of office)~~
- 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
- ~~provide cash flows to another reporting unit and/or controlled entity~~
- ~~receive cash flows from another reporting unit and/or controlled entity~~
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Darren Greenfield
Secretary

Dated: 17 July 2020

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

Report required under subsection 255(2A)

For the year ended 31 March 2020

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 March 2020.

	2020 $	2019 $
Remuneration and other employment-related costs and expenses - employees	7,733,542	7,438,115
Advertising	54,963	98,058
Operating Costs	5,651,641	5,331,867
Donations to political parties	-	-
Legal costs	646,516	758,266

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Darren Greenfield
Secretary

Dated 17 July 2020

DALEY
AUDIT

Independent Audit Report to the members of Construction Forestry Maritime 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 Maritime Mining and Energy Union Construction and General Division New South Wales Divisional Branch (the Union), which comprises the balance sheet as at 31 March 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 March 2020, notes to the financial statements, including a summary of significant accounting policies, the committee of management statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial presents fairly, in all material aspects, the financial position of the Union as at 31 March 2020, and its financial performance and its cash flows for the year ended on that date in accordance with:

(i) the Australian Accounting Standards; and

(ii) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Union 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 Union in accordance with the 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 Auditors Report Thereon

The committee of management is responsible for the other information. The other information obtained at the date of this auditor's report is included 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.

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CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

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

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 Union 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 Union'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 Union 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 Union'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 Union'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 Union to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Daley Audit

Stephen Milgate
Partner

Wollongong
Dated: 17 July 2020

Registration Number (as registered by the RO Commissioner under the RO Act): AA2017/127

Liability limited by a Scheme approved under Professional Standards Legislation.