

Construction Skills Training Centre

**Special Purpose
Financial Statements
For the 12 Months Ended
31 March 2018**

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTIONS SKILLS TRAINING CENTRE

Audit Opinion

We have audited the financial statements of the Construction Skills Training Centre for the 12 months ended 31 March 2018 as set out on pages 3 to 10. We have conducted an independent audit of the financial statements in order to express an opinion on them to the Members of the Association.

In our opinion, the financial statements are properly drawn up in accordance with the *Associations Incorporation Act 2015*, applicable Accounting Standards and the accounting policies set out in Note 1 so as to present a true and fair view of:

- i. the state of affairs of the Association as at 31 March 2018 and
- ii. the deficit of the Association for the 12 months then ended.

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 Association 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.

In conducting our audit, we have followed applicable independence requirements of Australian professional pronouncements.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Management Committees' financial reporting responsibilities under the *Associations Incorporation Act 2015*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CONSTRUCTION SKILLS TRAINING CENTRE (CONTINUED)**

Management Committees' Responsibilities of the Management Committee for the Financial Report

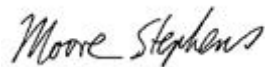
The Management Committee is responsible for the preparation of the financial statements that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Associations Incorporation Act 2015* and is appropriate to meet the needs of the members. The Management Committees' responsibility also includes such internal control as the Management Committee determine is necessary to enable the preparation of a 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 Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



MOORE STEPHENS
CHARTERED ACCOUNTANTS
PERTH



NEIL PACE
PARTNER
REGISTERED COMPANY AUDITOR
#182668

Signed at Perth this 12th day of July 2018.

CONSTRUCTION SKILLS TRAINING CENTRE

STATEMENT BY THE MANAGEMENT COMMITTEE

The Management Committee has determined that the Association is not a reporting entity, and therefore there is no requirement to apply accounting concepts or standards, in the preparation of these financial statements. The Management Committee has determined that this special purpose financial report should be prepared in accordance with those accounting standards and basis of accounting outlined in Note 1 to the financial statements.

In the opinion of the Management Committee of the Association,

- 1
 - a) The accompanying Income Statement is drawn up so as to give a true and fair view of the result of the Construction Skills Training Centre for the 12 months ended 31 March 2018.
 - b) The accompanying Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Construction Skills Training Centre as at the end of that period.
 - c) At the date of this Statement, there are reasonable grounds to believe that the Construction Skills Training Centre will be able to pay its debts as and when they fall due.
- 2 The accompanying financial statements have been made out in accordance with applicable Accounting Standards.

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


COMMITTEE MEMBER


COMMITTEE MEMBER

Dated this 12th day of July 2018.

CONSTRUCTION SKILLS TRAINING CENTRE

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

	31 Mar 2018	31 Mar 2017
	\$	\$
MEMBER'S FUNDS		
Opening balance	(51,694)	102,490
Surplus/(Deficit) for the period	(868,130)	(154,184)
TOTAL MEMBERS' FUNDS/(DEFICIENCY)	<u>(919,824)</u>	<u>(51,694)</u>
Represented by:		
CURRENT ASSETS		
Cash at Bank and on hand	80,061	63,759
Sundry Debtors	171,696	298,888
TOTAL CURRENT ASSETS	<u>251,757</u>	<u>362,647</u>
NON-CURRENT ASSETS		
Buildings and improvements - at Cost	1,240,040	1,240,040
Less accumulated depreciation	(62,196)	(41,464)
	<u>1,177,844</u>	<u>1,198,576</u>
Motor Vehicles – at cost	65,000	99,748
Less accumulated depreciation	(43,348)	(51,343)
	<u>21,652</u>	<u>48,405</u>
Furniture & Fittings – at cost	217,156	217,156
Less accumulated depreciation	(206,687)	(204,264)
	<u>10,469</u>	<u>12,892</u>
Property & Equipment – at cost	1,287,401	1,172,401
Less accumulated depreciation	(1,004,318)	(946,623)
	<u>283,083</u>	<u>225,778</u>
TOTAL NON-CURRENT ASSETS	<u>1,493,048</u>	<u>1,485,651</u>
TOTAL ASSETS	<u>1,744,805</u>	<u>1,848,298</u>
CURRENT LIABILITIES		
Sundry Creditors	114,432	118,442
GST Clearing Account	(3,014)	3,345
Provision for annual leave	142,035	167,209
TOTAL CURRENT LIABILITIES	<u>253,453</u>	<u>288,996</u>
NON-CURRENT LIABILITIES		
Provision for Long Service Leave	141,093	150,912
Loan Payable – CFMEU – C & G Division	(159,007)	(159,007)
Loan Payable – CFMEU – W Division	2,429,091	1,619,091
TOTAL NON-CURRENT LIABILITIES	<u>2,411,176</u>	<u>1,610,996</u>
TOTAL LIABILITIES	<u>2,664,629</u>	<u>1,899,992</u>
NET ASSETS/(NET DEFICIENCY)	<u>(919,824)</u>	<u>(51,694)</u>

To be read in conjunction with the accompanying notes

CONSTRUCTION SKILLS TRAINING CENTRE

**INCOME STATEMENT
FOR THE 12 MONTHS ENDED 31 MARCH 2018**

	Note	12 Months Ended 31 Mar 2018 \$	3 Months Ended 31 Mar 2017 \$
Income			
Training Levies - CFMEU C & G	4	166,742	44,269
Administration Fee – CFMEU C & G		17,520	-
Eureka Products		395	-
Sale of promotional materials		9	-
Course Income		644,201	253,114
Interest		47	22
Hearing Tests		5,337	(416)
Sundry Income		71,872	1,158
Wages Recovered		-	-
Profit /(loss) on sale of assets		(12,120)	-
		<u>894,002</u>	<u>298,147</u>
Expenditure			
Accounting & Audit		23,375	7,273
Administration Costs – CFMEU C & G		(2,759)	-
Advertising		11,713	3,422
Bank		3,202	1,083
Computer		33,524	11,988
Depreciation		91,165	35,651
Fringe Benefits Tax		10,831	419
Insurance		82,186	1,620
Legal Fees		1,750	5,568
Motor Vehicle		11,739	2,594
Movements in Employee Entitlements		(34,993)	(6,724)
Office Expenses		58,600	13,431
Payroll Tax		62,766	18,446
Photocopier		21,100	5,787
Postage		1,315	365
Presenters		2,718	-
Printing		13,570	535
Rates & Electricity		96,154	8,746
Repairs and Maintenance, Building & Other		17,810	4,411
Staff Amenities		380	381
Stationery		3,763	1,064
Subscriptions & Publications		1,813	-
Sundry Expenditure		4,289	2,302
Superannuation		160,954	46,821
Telephone		9,025	2,424
Training Materials & Catering		34,326	4,648
Travel and Accommodation		4,636	-
Wages		1,037,182	280,076
		<u>1,762,132</u>	<u>452,331</u>
Operating Surplus/(Deficit)		<u>(868,130)</u>	<u>(154,184)</u>

To be read in conjunction with the accompanying notes

CONSTRUCTION SKILLS TRAINING CENTRE

**STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS ENDED 31 MARCH 2018**

	Retained Earnings	Reserves	Total
Balance at 31 December 2016	102,490		102,490
Surplus/(Deficit) for the 3 months ended 31/03/2017	(154,184)		(154,184)
Balance at 31 March 2017	(51,694)		(51,694)
Surplus/(Deficit) for the 12 months ended 31/03/2018	(868,130)		(868,130)
Balance at 31 March 2018	(919,824)		(919,824)

CONSTRUCTION SKILLS TRAINING CENTRE

**STATEMENT OF CASH FLOWS
FOR THE 12 MONTH PERIOD ENDED 31 MARCH 2018**

	Notes	12 Months Ended 31 Mar 2018 Inflows/(outflows) \$	3 Months Ended 31 Mar 2017 Inflows/(outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers & other sources		1,033,267	121,450
Payments to suppliers and employees		(1,716,329)	(468,846)
Interest received		47	22
Tax paid		-	-
Net cash flow from operating activities	1	<u>(683,015)</u>	<u>(347,374)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment		(98,562)	-
Purchase of Investments		-	-
Proceeds from sale of equipment		(12,120)	-
Net cash flow from investing activities		<u>(110,682)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		809,999	340,000
Repayment of borrowings		-	-
Net cash flow from financing activities		<u>809,999</u>	<u>340,000</u>
Net increase/(decrease) in cash held		16,302	(7,374)
Cash at the beginning of the financial period		63,759	71,133
Cash at the end of the financial year	2	<u>80,061</u>	<u>63,759</u>

CONSTRUCTION SKILLS TRAINING CENTRE

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2018**

NOTES TO THE STATEMENT OF CASHFLOWS

1. Reconciliation of net cash provided/(used) by operating activities to operating surplus/(deficit)

	12 Months Ended 31 Mar 2018	3 Months Ended 31 Mar 2017
	\$	\$
Operating Surplus (Deficit)	(868,130)	(154,184)
Non-cash items		
Depreciation	91,165	35,651
(Profit)/Loss on Sale of property plant and equipment	12,120	-
Changes in assets and liabilities		
(Increase)/Decrease in Debtors	127,192	(176,675)
Increase/(Decrease) in Creditors	(10,369)	(45,442)
Increase/(Decrease) in employee entitlements	(34,993)	(6,724)
Movement in taxes payable	-	-
Net Cash Provided/(used) by Operating Activities	<u>(683,015)</u>	<u>(347,374)</u>

2. Reconciliation of Cash

For the purposes of the statement of cashflows, cash includes cash on hand, and in banks and investments in term deposits, net of bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	31 Mar 2018	31 Mar 2017
	\$	\$
Cash at Bank and on Hand:		
Cash at bank	80,011	63,609
Petty Cash	150	150
	<u>80,161</u>	<u>63,759</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2018**

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements are a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Members. The Management Committee has determined that the Association is not a reporting entity, and therefore there is no requirement to apply accounting concepts or standards in the preparation and presentation of this financial report.

The Financial Statements comply with the recognition and measurement, but not the disclosure requirements, of the Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS).

Significant accounting policies adopted by the Association in the preparation of the accounts are as follows;

- a) **Historical cost**
The financial statements are prepared under the historical costs convention and do not take into account changing money values.
- b) **Depreciation**
Motor vehicles, equipment and furniture and fittings are depreciated at rates calculated in order to write the assets off over their estimated useful life.
- c) **Grants received**
Grants received are brought to account as income in the year in which they are expended, in order to properly match income with expenditure.

Unexpended grants at year end are recorded in the balance sheet under current liabilities.

2. INCOME TAX

Under the provisions of the current income tax legislation, the Association is exempt from income tax.

3. ECONOMIC DEPENDENCY AND GOING CONCERN

The Construction Skills Training Centre is dependent upon the continued financial support of the Construction, Forestry, Mining and Energy Union of Workers.

As at 31 March 2018 the Association had a deficiency of working capital and for the 12 months ended 31 March 2018 it incurred a significant operating deficit. Notwithstanding this, the financial statements of the Association have been prepared on a going concern basis for the following reasons;

- The Construction, Forestry, Mining and Energy Union of Workers has agreed not to call up for repayment its loan to the Association of \$2,429,091 for at least the next 12 months from the date of this report;
- The Construction Forestry Mining and Energy Union of Workers has undertaken to provide financial support as and when required for at least the next 12 months from the date of this report.

In addition, the Construction Skills Training Centre receives significant income in the form of training levies from the Construction, Forestry, Mining and Energy Union Construction & General Division – WA Branch.

CONSTRUCTION SKILLS TRAINING CENTRE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 12 MONTHS ENDED 31 MARCH 2018

4. RELATED PARTY TRANSACTIONS

	12 Months Ended 31 Mar 2018 \$	3 Months Ended 31 Mar 2017 \$
Transactions between related parties are on normal commercial terms and conditions. Transactions with related parties were as follows:		
Amounts paid to Management Committee	Nil	Nil
Amounts paid to entities related to Management Committee Members	Nil	Nil
Other Related Parties:		
- Administration Fees paid to Construction Forestry Mining and Energy Union Construction & General Division – WA Branch	(2,759)	Nil
- Administration Fees received from Construction Forestry Mining and Energy Union Construction & General Division – WA Branch	17,520	Nil
- Training levies and course income received from Construction Forestry Mining and Energy Union Construction & General Division - WA Branch	166,742	44,269

5. CHANGE OF FINANCIAL YEAR

In December 2016, the Association resolved to change its financial year end from 31 December to 31 March, to be consistent with changes adopted by its parent entity.

This resulted in a financial report being prepared for the transitional 3-month period from 1 January 2017 to 31 March 2017. The Comparative financial information for the above financial report is therefore this 3-month period.

For future financial reports the current year and comparative figures will be for the 12-month period commencing 1 April and ending 31 March of the following year.