FAIR WORK COMMISSION

2 July 2013

Mr Michael O'Connor
National Secretary
Construction, Forestry, Mining and Energy Union
148-152 Miller Street
WEST MELBOURNE VIC 3003

Dear Mr O'Connor,

RE: Financial accounts and statements - Construction, Forestry, Mining and Energy Union, National Office - for year ending 31 December 2012 (FR2012/536)

I refer to the above financial accounts and statements which were lodged with the Fair Work Commission on 26 June 2013.

The documents have been filed.

Yours faithfully,

Stephen Kellett

Stephen Kellett
Regulatory Compliance Branch

Terrace Towers
80 William Street
East Sydney NSW 2011

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CERTIFICATE BY SECRETARY OR PRESCRIBED DESIGNATED OFFICER

S268 Fair Work (Registered Organisations) Act 2009

I, Michael O'Connor prescribed designated officer, certify that the enclosed documents lodged, consisting of the general purpose financial report of the Construction, Forestry, Mining & Energy Union National Office for the year ended 31 December 2012.

- are copies of the documents provided to members from 14 May 2013.

- were subsequently presented to a meeting in accordance with section 266, being a meeting of committee of management held on 13 June 2013.

Michael O'Connor
National Secretary
Construction, Forestry, Mining & Energy Union
National Office

Date 20 June 2013

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

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

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

OPERATING REPORT

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009 ("Act") the Committee of Management present their Operating Report on Construction Forestry Mining and Energy Union National Office ("the Union"), the relevant Reporting Unit for the financial year ended 31 December 2012.

Principal Activities

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

- Implementation of decision of the National Executive Committee
- Maintenance of Union Rules, Registrations and Affiliations
- Conducting Activities for Parliamentary, Divisional and Divisional Branch elections, including assisting with statutory requirements.
- Representing the Union's interest on various national committees and organisations.
- Co-ordinating the involvement of the Union in relevant international trade union bodies and conferences.

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

Review of Principal Activities

There were no significant changes in the principal activities.

Operating Result

The operating loss of the Union for the financial year was $54,209 (2011: $151,715). No provision for tax was necessary as the Union is exempt from income tax.

Significant change

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

Significant change in Financial Affairs

There were no significant changes in the the financial affairs.

Rights of Members

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

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

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

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

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

OPERATING REPORT continued

Superannuation Officeholders
Mr Dave Noonan is a director of United Super Pty Ltd which acts as Trustee of C Bus. He is also a director of C Bus Property Pty Ltd.
Mr Frank O'Grady is a director of United Super Pty Ltd which acts as Trustee of C Bus.
Mr Michael O'Connor is a director of the FIRST Superannuation Fund.
Mr Alex Millar is a director of the FIRST Superannuation Fund.

No officer or member of the reporting unit:
(a) is a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
(b) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

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

(a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for Section 230 of the Act and who are taken to be members of the Union under section 244 of the Act was 108,279 (2011: 111,593).

(b) the number of persons who were, at the end of the financial year to which the report relates, employees of the Union, where the number of employees includes both full-time and part-time employees, measured on a full-time equivalent basis was 5.

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

Name	Position
Tony Maher	National President
Andrew Vickers	National Vice President
Michael O'Connor	National Secretary
Dave Noonan	National Assistant Secretary
Leo Skourdoumbis	National Vice President
Jane Calvert	National Executive Committee
Wayne McAndrew	National Executive Committee
Lindsay Fraser	National Executive Committee
Tom Watson	National Executive Committee (Resigned 15 June 2012)
Michael Ravbar	National Vice President
Frank O'Grady	National Executive Committee
Bill Oliver	National Executive Committee (Resigned 15 November 2012)
Ian Murray	National Executive Committee
Alex Millar	National Executive Committee
Brian Parker	National Executive Committee
John Setka	National Executive Committee (Appointed 28 February 2013)

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

OPERATING REPORT continued

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

Tony Maher – National President

Michael O'Connor – National Secretary

Dated: 3 April 2013

Melbourne

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $	2011 $
Sales revenue	3	1,484,858	1,099,130
Affiliation and capitation fees	4	(355,650)	(339,982)
Meeting and conferences		(419,276)	(139,636)
Depreciation and amortisation expenses	4	(3,238)	(2,468)
Employee benefits expense	4	(611,398)	(644,906)
Operating Expenditure		(149,505)	(123,853)
Loss before income tax		(54,209)	(151,715)
Income tax (expense)/benefit	1a	-	-
Loss for the year		(54,209)	(151,715)
Other comprehensive income		-	-
Total comprehensive income for the year		(54,209)	(151,715)
Loss attributable to union		(54,209)	(151,715)
Total comprehensive income attributable to union		(54,209)	(151,715)

The accompanying notes form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	243,668	186,221
Trade and other receivables	6	21,165	156,340
Other assets	7	3,284	4,295
TOTAL CURRENT ASSETS		268,117	346,856
NON-CURRENT ASSETS			
Property, plant and equipment	8	9,366	5,969
TOTAL NON-CURRENT ASSETS		9,366	5,969
TOTAL ASSETS		277,483	352,825
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	136,592	149,291
Provisions	10	95,798	148,423
TOTAL CURRENT LIABILITIES		232,390	297,714
NON-CURRENT LIABILITIES			
Provisions	10	44,842	651
TOTAL NON-CURRENT LIABILITIES		44,842	651
TOTAL LIABILITIES		277,232	298,365
NET ASSETS		251	54,460
EQUITY			
Retained earnings		251	54,460
TOTAL EQUITY		251	54,460

The accompanying notes form part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Retained Profits $	Total $
Balance at 1 January 2011	206,175	206,175
Loss attributable to members	(151,715)	(151,715)
Balance at 1 January 2012	54,460	54,460
Loss attributable to members	(54,209)	(54,209)
Balance at 31 December 2012	251	251

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Membership contributions		1,196,402	1,091,361
Payments to suppliers and employees		(1,678,215)	(1,310,431)
Interest received		9,527	12,093
Grant and other income		536,368	72,495
Net cash provided by/(used in) operating activities	11a	64,082	(134,482)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6,635)	(6,103)
Net cash used in investing activities		(6,635)	(6,103)
Net (decrease) increase in cash held		57,447	(140,585)
Cash and cash equivalents at beginning of financial year		186,221	326,806
Cash and cash equivalents at end of financial year	5	243,668	186,221

The accompanying notes form part of these financial statements.

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

STATEMENT OF RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY CASH BASIS - FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $	2011 $
Cash assets in respect of recovered money at beginning of year		-	-
Receipts			
Amounts recovered from employers in respect of wages etc		-	-
Interest received on recovered money		-	-
Total receipts		-	-
Payments			
Deductions of amounts due in respect of membership for:-			
- 12 months or less		-	-
- greater than 12 months		-	-
Deductions of donations or other contributions to accounts or funds of:-			
- the Union		-	-
- other entity		-	-
Deductions of fees or reimbursements of expenses		-	-
Payments to workers in respect of recovered money		-	-
Total payments		-	-
Cash assets in respect of recovered money at end of year		-	-

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of Construction Forestry Mining and Energy Union National Office.

Basis of Preparation
The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Fair Work (Registered Organisations) Act 2009. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

a. **Income Tax**
No provision for income tax is necessary as "Trade Unions" are exempt from income tax under Section 50-15 of the Income Tax Assessment Act 1997.

b. **Property, Plant and Equipment**
Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment
Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

b. Property, Plant and Equipment continued

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office Equipment	10% - 40%
Furniture and fittings	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

c. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to the entity, are classified as finance leases.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. **Financial Instruments continued**

The entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. **Financial Instruments continued**

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the entity recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as financial liabilities at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using the probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposure if the guaranteed party were to default.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. **Financial Instruments continued**

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. **Impairment of Assets**

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. **Employee Benefits**

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

g. **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

h. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. **Revenue and Other Income**

Grant revenue is recognised on a proportional basis over the period that the grant relates to where the grant monies are controlled or conditions for recognition have been met. Where there are conditions attached to grant revenue received in advance relating to the use of those grants for specific purposes it is recognised in the statement of financial position as a liability until such conditions are met or services are provided.

Revenue from membership subscriptions is recognised on a cash basis.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

j. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

k. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. **Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

m. **Comparative Figures**

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

n. **Critical Accounting Estimates and Judgments**

The committee of management evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key estimates

Impairment – general

The entity assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgments

No key judgments have been used in the preparation of this financial report.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The entity has decided not to early adopt any of the new and amended pronouncements. The entity's assessment of the new and amended pronouncements that are relevant to the entity but applicable in future reporting periods is set out below:

– AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. New Accounting Standards for Application in Future Periods continued

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow the IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the entity is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 31 December 2015. Although the members of the committee anticipate that the adoption of AASB 9 and AASB 2010-7 may have a significant impact on the entity's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact particularly considering the changes that are expected to be made to IFRS 9 in future.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

  AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

  - Tier 1: Australian Accounting Standards; and
  - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

  Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements. Since the entity is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the entity will take advantage of Tier 2 reporting at a later date.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. New Accounting Standards for Application in Future Periods continued

AASB 10 replaces parts of AASB 127 (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the entity.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed). This Standard is not expected to significantly impact the entity.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the entity.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the entity.

– AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the entity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. New Accounting Standards for Application in Future Periods continued

- AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

  The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

  This Standard affects presentation only and is therefore not expected to significantly impact the entity.

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The entity does not have any defined benefit plans and so is not impacted by this aspect of the amendment.

  AASB 119 (September 2011) also includes changes to:

  (a) require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as either other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and

  (b) the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

    (i) where for an offer that may be withdrawn – when the employee accepts;

    (ii) where for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

    (iii) where the termination is associated with a restructuring of activities under AASB 137; Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions when the related restructuring costs are recognised.

  The entity has elected to early adopt this standard, resulting in long service leave of $44,842 being reclassified from current liabilities to non-current liabilities, as it is not expected to be taken before 12 months after the end of the annual reporting period.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. New Accounting Standards for Application in Future Periods continued

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.
This Standard is not expected to significantly impact the entity's financial statements.

– AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

  This Standard is not expected to significantly impact the entity's financial statements.

– AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

  - AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
  - AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
  - AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
  - AASB 132 and Interpretation 2: Members' shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
  - AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

  This Standard is not expected to significantly impact the entity's financial statements.

NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR FAIR WORK COMMISSION (FORMERLY KNOWN AS FAIR WORK AUSTRALIA)

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of Section 272 of the Act which read as follows: -

1. A member of an entity, or Fair Work Commission (formerly known as Fair Work Australia), may apply to the entity for specified prescribed information in relation to the entity to be made available to the person making the application.

2. The application must be in writing and 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 entity.

3. An entity must comply with an application made under subsection (1).

NOTE 3: REVENUE AND OTHER INCOME

	2012 $	2011 $
Sustenation fees:		
– CFMEU – Construction and General Division – National Office	677,631	620,620
– CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	144,978	154,700
– CFMEU – Mining and Energy Division – National Office	248,067	211,775
Interest received	10,453	12,093
Grant income	20,729	-
Directors fees	12,000	-
Conference contributions	371,000	48,793
Sundry income	-	2,895
Transfer of employee entitlements	-	48,254
Total revenue	1,484,858	1,099,130

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 4: LOSS FOR YEAR

Loss before income tax expense has been determined after:

	2012 $	2011 $
EXPENSES		
Affiliation, capitation fees, compulsory levies and commissions		
Affiliation fees:		
- Australian Council of Trade Unions	349,800	334,382
- Australian Fair Trade and Investment Network	3,250	3,000
- Australian People for Health, Education and Development Abroad	2,600	2,600
	355,650	339,982
Depreciation expense		
Office Equipment	3,230	2,468
Furniture and fittings	8	-
	3,238	2,468
Employee benefits expense		
Salaries and allowances		
- elected officials	237,160	186,966
- employees	262,849	219,346
Superannuation contributions		
- elected officials	28,454	27,315
- employees	38,331	27,870
Provision for annual leave		
- elected officials	3,787	24,246
- employees	17,426	7,230
Provision for long service leave		
- elected officials	6,644	38,198
- employees	(652)	(10,315)
Provision for RDO		
- employees	(2,104)	4,512
Provision for personal leave		
- elected officials	(36,998)	52,446
- employees	3,462	7,812
Termination payments		
- employees	-	35,283
Other		
- payroll tax	27,288	14,374
- employee overheads	6,435	1,954
- fringe benefit tax	(220)	1,875
- redundancy fund contributions	14,832	264
- workcover	4,704	5,530
	611,398	644,906

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 $	2011 $
NOTE 4: LOSS FOR YEAR continued		
Included within Operating Expenses		
Remuneration of auditor		
- auditing of the financial statements	10,500	10,250
- accounting and taxation services	1,159	-
	11,659	10,250

NOTE 5: CASH AND CASH EQUIVALENTS

	2012 $	2011 $
CURRENT		
Cash at bank and on hand	243,668	186,221

NOTE 6: TRADE AND OTHER RECEIVABLES

	2012 $	2011 $
CURRENT		
Trade receivables	5,000	84,476
Other receivables	16,165	71,864
	21,165	156,340
Amounts included in the above are amounts receivable from:		
CFMEU – Construction & General Division – National Office	5,000	-
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	7,241	52,199
	12,241	52,199

NOTE 6: TRADE AND OTHER RECEIVABLES continued

a. Credit risk

The entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 6. The main source of credit risk to the entity is considered to relate to the class of assets described as "trade and other receivables".

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

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

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)			
			<30	31-60	61-90	>90
	$	$	$	$	$	$
2012						
Trade and other receivables	21,165	-	16,165	5,000	-	-
Total	21,165	-	16,165	5,000	-	-
2011						
Trade and other receivables	156,340	-	154,724	671	945	-
Total	156,340	-	154,724	671	945	-

b. Collateral pledged

No collateral is held over trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 $	2011 $
NOTE 7: OTHER ASSETS		
CURRENT		
Prepayments	3,284	4,295

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2012 $	2011 $
Office equipment		
At cost	26,445	20,909
Accumulated depreciation	(18,170)	(14,940)
	8,275	5,969
Furniture and fittings		
At cost	1,099	-
Accumulated depreciation	(8)	-
	1,091	-
Total property, plant and equipment	9,366	5,969

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

	Office Equipment $	Furniture and fixtures $	Total $
Balance at the beginning of year	5,969	-	5,969
Additions	5,536	1,099	6,635
Disposals	-	-	-
Depreciation expense	(3,230)	(8)	(3,238)
Carrying amount at the end of year	8,275	1,091	9,366

b. **Impairment losses**
There are no impairment losses for the current financial year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 9: TRADE AND OTHER PAYABLES

	2012 $	2011 $
CURRENT		
Trade creditors & accruals	57,321	99,291
Income in advance	79,271	50,000
	136,592	149,291
Amounts included in the above are amounts payable to:		
CFMEU – Construction & General Division – National Office	317	11,424
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	8,005	1,585
	8,322	13,009

NOTE 10: PROVISIONS

Analysis of Total Provisions

	2012 $	2011 $
CURRENT		
Employee entitlements		
Provision for annual leave		
- elected officials	28,033	24,245
- employees	38,636	21,210
	66,669	45,455
Provision for long service leave		
- elected officials	-	38,198
Provision for rostered days off		
- employees	2,407	4,512
Provision for personal leave		
- elected officials	15,449	52,446
- employees	11,273	7,812
	26,722	60,258
Total current provisions	95,798	148,423
NON-CURRENT		
Employee entitlements:		
Provision for long service leave		
- elected officials	44,842	-
- employees	-	651
Total non-current provisions	44,842	651
Total provisions	140,640	149,074

NOTE 10: PROVISIONS continued

	Annual Leave	Long Service Leave	RDO	Personal Leave	Total
	$	$	$	$	$
Balance at 31 December 2011	45,455	38,849	4,512	60,258	149,074
Additional provisions raised during the year	56,015	5,993	10,472	20,819	87,765
Amounts used	(34,801)	-	(12,577)	(54,355)	(96,199)
Balance at 31 December 2012	66,669	44,842	2,407	26,722	140,640

	2012	2011
	$	$
Analysis of total provisions		
Current	95,798	148,423
Non-current	44,842	651
	140,640	149,074
Number of employees at year end	5	4

Provision for Employee Benefits
Provision for employee benefits represents amounts accrued for annual leave, long service leave, RDO and Personal leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements, RDO and personal leave. The amounts accrued for long service leave entitlements represents amounts that have vested due to employees having completed the required period of service.

The entity has elected to early adopt new standard AASB 119, resulting in long service leave of $44,842 being reclassified from current liabilities to non-current liabilities, as it is not expected to be taken before 12 months after the end of the annual reporting period.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(f).

NOTE 11: CASH FLOW INFORMATION

	2012 $	2011 $
a. Reconciliation of cash flow from operations with loss after income tax		
Loss after income tax	(54,209)	(151,715)
Non-cash flows in profit:		
– depreciation	3,238	2,468
Changes in assets and liabilities:		
– (increase)/decrease in receivables	135,175	(84,373)
– decrease in other assets	1,011	14,227
– (decrease) in trade and other payables	(12,699)	(39,217)
– increase/(decrease) in provisions	(8,434)	124,128
Net cash provided by/(used in) operating activities	64,082	(134,482)

NOTE 12: EVENTS AFTER THE REPORTING PERIOD

There are no events subsequent to the reporting date of this report which will have a material effect on the financial report for the year ended 31 December 2012.

NOTE 13: KEY MANAGEMENT PERSONNEL COMPENSATION AND RELATED PARTY TRANSACTIONS

The names of committee of management of the entity who have held office during the financial year are:

Name

Name of member	Position
Tony Maher	National President
Andrew Vickers	National Vice President
Michael O'Connor	National Secretary
Dave Noonan	National Assistant Secretary
Leo Skourdoumbis	National Vice President
Jane Calvert	National Executive Committee
Wayne McAndrew	National Executive Committee
Lindsay Fraser	National Executive Committee
Tom Watson	National Executive Committee (Resigned 15 June 2012)
Michael Ravbar	National Vice President
Frank O'Grady	National Executive Committee
Bill Oliver	National Executive Committee (Resigned 15 November 2012)
Ian Murray	National Executive Committee
Alex Millar	National Executive Committee
Brian Parker	National Executive Committee
John Setka	National Executive Committee (Appointed 28 February 2013)

a. The aggregate amount of remuneration paid to elected officials (former) during the financial year for salaries was $237,160 (2011: $186,966).

The aggregate amount paid during the financial year to a superannuation plan in connection with the retirement of elected officials was $28,454 (2011: $27,315).

NOTE 13: KEY MANAGEMENT PERSONNEL COMPENSATION AND RELATED PARTY TRANSACTIONS continued

b. The aggregate amount of remuneration paid to other persons on the Committee of Management was as follows: -
   - salaries and allowances $Nil (2011: $Nil)
   - superannuation $Nil (2011:$Nil)
   - loss of wages $Nil (2011: $Nil)

c. No officer has received any remuneration because the officer is a member of a board of hold that position only because of the their position as an officer or because they were nominated for the position on the board by the organisation/branch/peak council.

d. No officer has received any remuneration from a related party to the organisation/branch in connection with the performance of the officer's duties.

e. No officer has any material personal interest in a matter that the officer or a relative of the officer has or acquires that relates to the affairs of the organisation/branch.

f. Apart from the above, there were no other transactions between the officers of the entity other than those relating to their membership of the entity and reimbursement by the entity in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

NOTE 14: ECONOMIC DEPENDENCE

The principle source of income for the entity is sustenation fees from its divisions. Accordingly, the National Office is economically dependent on the ability of the Divisions to continue to service the needs of its members on industrial and workplace matters.

NOTE 15: SEGMENT REPORTING

The entity operates predominantly in one industry, being the Construction, Forestry, Mining & Energy sector. The business operates predominantly in one geographical area being Australia

NOTE 16: FINANCIAL RISK MANAGEMENT

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares and derivatives.

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

	Note	2012 $	2011 $
Financial assets			
Cash and cash equivalents	5	243,668	186,221
Loans and receivables	6	21,165	156,340
Total financial assets		264,833	342,561
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	9	136,592	149,291
Total financial liabilities		136,592	149,291

NOTE 16: FINANCIAL RISK MANAGEMENT continued

Financial Risk Management Policies
The committee of management's overall risk management strategy seeks to assist the entity in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the committee of management on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for entity operations. The entity does not have any derivative instruments at 31 December 2012.

The committee of management meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The committee of management's overall risk management strategy seeks to assist the entity in meeting its financial targets, while minimising potential adverse effects on financial performance.

The committee of management operates under policies approved by the committee of management. Risk management policies are approved and reviewed by the committee of management on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management
The main risks the entity is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the entity is exposed to, how these risks arise, or the committee of management's objectives, policies and processes for managing or measuring the risks from the previous period.

a. **Credit risk**

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

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

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee of management has otherwise assessed as being financially sound.

NOTE 16: FINANCIAL RISK MANAGEMENT continued

Credit risk exposures

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

There is no collateral held by the entity securing accounts receivable and other debtors.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 6.

The entity has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 6.

b. Liquidity risk

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

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

NOTE 16: FINANCIAL RISK MANAGEMENT continued

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The entity does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	136,592	149,291	-	-	-	-	136,592	149,291
Total expected outflows	136,592	149,291	-	-	-	-	136,592	149,291
Financial assets – cash flows realisable								
Cash and cash equivalents	243,668	186,221	-	-	-	-	243,668	186,221
Trade, term and loan receivables	21,165	156,340	-	-	-	-	21,165	156,340
Total anticipated inflows	264,833	342,561	-	-	-	-	264,833	342,561
Net (outflow)/inflow on financial instruments	128,241	193,270	-	-	-	-	128,241	193,270

NOTE 16: FINANCIAL RISK MANAGEMENT continued

Financial assets pledged as collateral
No financial assets have been pledged as security for any financial liability.

c. **Market risk**
Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The entity is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the entity to interest rate risk are limited to listed shares, and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the entity's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities also assume that the movement in a particular variable is independent of other variables.

	Profit **$**
Year ended 31 December 2012	
+/-1% in interest rates basis points	2,437
Year ended 31 December 2011	
+/-1% in interest rates basis points	1,862

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

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COMMITTEE OF MANAGEMENT CERTIFICATE

On 3 April 2013 the Committee of Management of the Construction Forestry Mining and Energy Union National Office of ("Union/Reporting Unit") passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2012:

The Committee of Management declares in relation to the GPFR that in its opinion:

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

(b) the financial statements and notes comply with the reporting guidelines of Fair Work Commission (formerly known as Fair Work Australia);

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

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

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

  (i) meetings of the 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 Act and the Regulations; and

  (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and

  (v) the information sought in any request of a member of the reporting unit or Fair Work Commission (formerly known as Fair Work Australia) duly made under section 272 of the Act has been furnished to the member or Fair Work Commission (formerly known as Fair Work Australia); and

  (vi) there has been compliance with any order for inspection of financial reports made by the Fair Work Commission (formerly known as Fair Work Australia) under section 273 of the Act.

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COMMITTEE OF MANAGEMENT CERTIFICATE
continued

(f) in relation to recovery of wages activity:

(i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of Fair Work Commission (formerly known as Fair Work Australia); and

(ii) the committee of management caused the auditor to include in the scope of the audit required under subsection 257(1) of the Act all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and

(iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and

(iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and

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

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

Tony Maher – National President

Michael O'Connor – National Secretary

Dated: 3 April 2013

Melbourne

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

Report on the Financial Report

We have audited the accompanying financial report of Construction Forestry Mining and Energy Union National Office, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the committee of management's declaration of the entity during the financial year.

Committee of Management's Responsibility for the Financial Report

The entity's committee of management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the committee of management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the committee of management also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

msi RAGG WEIR
Chartered Accountants

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

Auditor's Opinion

In our opinion the financial report of the entity:

a. is in accordance with the provisions of the Fair Work (Registered Organisations) Act 2009, other requirements imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the Act, including:
   (i) presenting fairly the entity's financial position as at 31 December 2012 and of its performance and cash flows for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the International Financial Reporting Standards as disclosed in Note 1.

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

MSI RAGG WEIR
Chartered Accountants

L.S.WONG
Partner
Member of the Institute of Chartered Accountants in Australia and
Current holder of a current public practice certificate

Melbourne: 3 April 2013

Member of msi Global Alliance Independent Professional Firms