FairWork Commission

9 September 2014

Mr Michael O'Connor
National Secretary
Construction, Forestry, Mining and Energy Union
via email: notices@cfmeunat.org

cc: Mr Barry Disken; L.S Wong, MSI Ragg Weir

Dear Mr O'Connor,

Construction, Forestry, Mining and Energy Union
Financial Report for the year ended 31 December 2013 [FR2013/435]

I acknowledge receipt of the financial report of the Construction, Forestry, Mining and Energy Union. The documents were lodged with the Fair Work Commission on 1 July 2014.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and Reporting Guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 31 December 2014 may be subject to an advanced compliance review.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report.

Timescale requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the Fair Work Commission website. In particular, I draw your attention to Financial reporting process which explains the timeline requirements, and Summary of financial reporting timelines which sets out the timeline requirements in diagrammatical form.

I note that the following timescale requirements were not met:

Report must be provided to members within 5 months of end of financial year where report is presented to a Committee of Management meeting

The designated officer's certificate states that the financial report was provided to members on 17 June 2014 and presented to a Committee of Management meeting on 27 June 2014. Under s.265(5)(b) of the RO Act, where the report is presented to a Committee of Management meeting, the report must be provided to members within 5 months of the end of the financial year.

If these dates are correct, the reporting unit should have applied for an extension of time for the provision of the financial report to members in accordance with s.265(5) of the RO Act.

Please note that in future financial years a written request for extension of time signed by a relevant officer, including any reason for the delay, must be made prior to required date of lodgement.

Statement of Comprehensive Income and Statement of Financial Position

Disclosure of employee expenses and provisions to office holders and other employees

The Reporting Guidelines require reporting units to disclose in the Statement of Comprehensive Income or in the notes to the financial statements employee expenses relating to holders of office and employee expenses to other employees (Reporting Guidelines 17(f) and 17(g)).

Note 4 discloses salaries and allowances, superannuation and leave separately for office holders and other employees but separation and redundancies and other employee expenses , i.e. fringe benefits tax, have not been separately disclosed for office holders and employees. Please note that Reporting Guideline 18 requires that if any of the activities listed in Reporting Guideline 17 have not occurred in the reporting period, a statement to this effect must be included in the notes.

The Reporting Guidelines also require either the Statement of Financial Position or the notes to disclose any liability for employee benefits in respect of other employees (Reporting Guideline 21 (d)).

Note 10 discloses provisions for annual leave, long service leave and other employee provisions for office holders other employees, but does not disclose provisions for separation and redundancies. Please note that Reporting Guideline 22 requires that if any of the activities listed in Reporting Guideline 21 have not occurred in the reporting period, a statement to this effect must be included in the notes.

Changes to the Reporting Guidelines and model financial statements

A fourth edition of the General Manager's s.253 Reporting Guidelines was gazetted on 13 June 2014. These guidelines will apply to all financial reports that end on or after 30 June 2014. A model set of financial statements for the 2013-2014 financial year is also available on the Fair Work Commission website. The Fair Work Commission recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards.

The Reporting Guidelines and Model Financial Statements are available on the website here:
https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting

If you have any queries regarding this letter, please contact me on (03) 8661 7942 or via email at rebecca.lee@fwc.gov.au.

Yours sincerely,

Rebecca Lee
Regulatory Compliance Branch

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Melbourne VIC 3001

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Certificate of Secretary

I Michael O'Connor, being the Secretary of the Construction, Forestry, Mining and Energy Union, National Office, Certify:

i. That the documents lodged here within are copies of the full report for the year ended 31 December 2013 referred to in section 268 of the *Fair Work (Registered Organisations) Act 2009;* and

ii. That the full report was submitted to a meeting of National Executive Committee on 6 June 2014, (the first meeting) in accordance with section 266 of *the Fair Work (Registered Organisations) Act 2009;* and

iii. That the full report was provided to members on 17 June 2014; and

iv. That the full report was presented to a meeting of the National Executive Committee of the reporting unit on 27 June 2014 (the second meeting) in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009.*

MICHAEL O'CONNOR
National Secretary
CFMEU

Friday, 27 June 2014

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

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013.

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 $75,503 (2012: $54,209). No provision for tax was necessary as the Union is exempt from income tax.

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

Significant change in Financial Affairs
There were no significant changes in the financial affairs.

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

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

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

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 other 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 financial members of the Union under section 244 of the Act was 104,426 (2012: 108,279).

(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 6.

(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 (Resigned 19 November 2013)
Michael Ravbar	National Vice President
Frank O'Grady	National Executive Committee
Ian Murray	National Executive Committee
Alex Millar	National Executive Committee
Brian Parker	National Executive Committee
John Setka	National Executive Committee
Brad Parker	National Executive Committee (Appointed 19 November 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: 6 June 2014

Melbourne

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $	2012 $
Revenue	3	4,210,308	1,484,858
Affiliation and capitation fees	4	(369,232)	(355,650)
Campaign expense	4	(2,273,712)	-
Meeting and conferences		(101,013)	(419,276)
Depreciation and amortisation expenses	4	(4,287)	(3,238)
Donation expense	4	(590,000)	(800)
Employee benefits expense	4	(769,412)	(611,398)
Operating Expenditure		(178,155)	(148,705)
Loss before income tax		(75,503)	(54,209)
Income tax (expense)/benefit	1a	-	-
Loss for the year		(75,503)	(54,209)
Other comprehensive income		-	-
Total comprehensive loss for the year		(75,503)	(54,209)
Loss attributable to union		(75,503)	(54,209)
Total comprehensive loss attributable to union		(75,503)	(54,209)

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 2013

	Note	2013 $	2012 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	371,804	243,668
Trade and other receivables	6	63,127	21,165
Other assets	7	8,029	3,284
TOTAL CURRENT ASSETS		442,960	268,117
NON-CURRENT ASSETS			
Property, plant and equipment	8	9,167	9,366
TOTAL NON-CURRENT ASSETS		9,167	9,366
TOTAL ASSETS		452,127	277,483
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	368,314	136,592
Provisions	10	159,065	95,798
TOTAL CURRENT LIABILITIES		527,379	232,390
NON-CURRENT LIABILITIES			
Provisions	10	-	44,842
TOTAL NON-CURRENT LIABILITIES		-	44,842
TOTAL LIABILITIES		527,379	277,232
NET (LIABILITIES)/ASSETS		(75,252)	251
EQUITY			
(Accumulated losses)/retained earnings		(75,252)	251
TOTAL EQUITY		(75,252)	251

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 2013

	(Accumulated Losses)/retained earnings $	Total $
Balance at 1 January 2012	54,460	54,460
Loss attributable to members	(54,209)	(54,209)
Balance at 1 January 2013	251	251
Loss attributable to members	(75,503)	(75,503)
Balance at 31 December 2013	(75,252)	(75,252)

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Membership contributions received	11b	1,238,209	1,177,744
Let's Spread It Around Campaign contributions received	11b	1,767,700	55,000
Why Mr Abbott Campaign contributions received	11b	935,000	-
Federal Election contributions received	11b	597,300	-
Reimbursements received for levy expenses	11b	233,200	233,200
Reimbursements received for sponsorship expenses	11b	33,000	33,000
Conference contributions received	11b	8,250	434,674
Interest received		11,361	9,527
Grant received		-	55,000
Director's fees received		75,537	13,200
Payments to suppliers and employees	11b	(4,767,259)	(1,947,263)
Net cash provided by operating activities	11a	132,298	64,082
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,162)	(6,635)
Net cash used in investing activities		(4,162)	(6,635)
Net increase in cash held		128,136	57,447
Cash and cash equivalents at beginning of financial year		243,668	186,221
Cash and cash equivalents at end of financial year	5	371,804	243,668

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 2013

	Note	2013 $	2012 $
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.

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 these 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.

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

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 (i.e. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. Financial Instruments continued

Classification and subsequent measurement continued
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.

(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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. **Financial Instruments continued**

Classification and subsequent measurement continued

(iv) **Available-for-sale investments continued**
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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. Financial Instruments continued

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.

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 (e.g. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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 an accrual 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 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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.

Where the entity has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

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

The Committee of Management assesses impairment at each reporting date by evaluating conditions specific to the Union that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculation performed in assessing recoverable amounts incorporates a number of key estimates.

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 and Amended Accounting Policies Adopted by the Entity

The entity adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013:

- AASB 13: Fair Value Measurement
- AASB 119: Employee Benefits

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 13 Fair Value Measurement does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value.

AASB 119 Employee benefits changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The entity reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefits for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

There was no change to the treatment of provisions from the prior year; therefore no restatements of the comparative figures were required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

p. **New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Entity has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Entity:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7/AASB 2012-6	30 June 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released.
AASB 1053 – Application of Tiers of Australian Accounting Standards and Amending standards AASB 2010-2, AASB 2011-11, AASB 2012-1, AASB 2012-7 and AASB 2012-11	30 June 2014	This standard allows certain entities to reduce disclosures.	The entity is not adopting the RDR and therefore these standards are not relevant.
AASB 2011-2 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence – Reduced Disclosure Requirements	30 June 2014	Highlights the disclosures not required in AASB 1054 for entities applying the RDR.	The entity is not adopting the RDR and therefore this standard is not relevant.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

p. New Accounting Standards for Application in Future Periods continued

Standard Name	Effective date for entity	Requirements	Impact
AASB 13 Fair Value Measurement. AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	30 June 2014	AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted. There are a number of additional disclosure requirements.	Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required. The entity has not yet determined the magnitude of any changes which may be needed. Some additional disclosures will be needed.
AASB 2011-4 – Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	30 June 2014	Remove individual key management personnel disclosure requirements (i.e. components of remuneration) for disclosing entities.	Since the entity is a disclosing entity, the KMP remuneration note in the financial statements will not include individual components of remuneration.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

p. New Accounting Standards for Application in Future Periods continued

Standard Name	Effective date for entity	Requirements	Impact
AASB 2011-6 – Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]	30 June 2014	This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards - Reduced Disclosure Requirements.	Since the entity does not comply with the Reduced Disclosure Regime there is no impact on the adoption of this standard.
AASB 2011-7 – Amendments to Australian Accounting Standards arising from the Consolidation& Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	30 June 2014	This standard provides many consequential changes due to the release of the new consolidation and joint venture standards.	The impact of this standard is expected to be minimal.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

p. New Accounting Standards for Application in Future Periods continued

Standard Name	Effective date for entity	Requirements	Impact
AASB 119 Employee Benefits (September 2011) AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	30 June 2014	The main changes in this standard relate to the accounting for defined benefit plans and are as follows: - elimination of the option to defer the recognition of gains and losses (the 'corridor method'); - requiring remeasurements to be presented in other comprehensive income; and - enhancing the disclosure requirements.	Since the entity does not have a defined benefit plan, the adoption of these standards will not have any impact.
AASB 2010-10 - Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	30 June 2014	Makes amendments to AASB 1	No impact since the entity is not a first-time adopter of IFRS.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

p. New Accounting Standards for Application in Future Periods continued

Standard Name	Effective date for entity	Requirements	Impact
AASB 2012-2 - Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7]	30 June 2014	Requires the inclusion of information about the effect or potential effect of netting arrangements.	There is no impact on disclosures as there are no offsetting arrangements currently in place.
AASB 2012-4 – Amendments to Australian Accounting Standards – Government Loans [AASB 1]	30 June 2014	Adds exception to retrospective application of Australian Accounting Standards for first time adopters.	No impact as these are not the first time adoption accounts for the entity.
AASB 2012-5 – Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	30 June 2014	AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments. AASB 116 - clarifies the classification of servicing equipment. AASB 132 and Interpretation 2 - Clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes AASB 134 - provides clarification about segment reporting.	No expected impact on the entities financial position or performance.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

p. New Accounting Standards for Application in Future Periods continued

Standard Name	Effective date for entity	Requirements	Impact
AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20	30 June 2014	Allows transitional provisions for strippings costs in accordance with Interpretation 20.	There will be no impact as entity is not in the mining industry.
AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	30 June 2014	Removes reference to withdrawn Interpretation 1039.	No impact on the financial statements.
AASB 1055 - Budgetary Reporting AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	30 June 2015	This standard specifies the nature of budgetary disclosures and circumstances for inclusion in the financial statements.	No impact as the entity is not a public sector entity.
AASB 2012-3 Amendments to Australian Accounting Standards-Offsetting Financial Assets and Financial Liabilities [AASB 132]	30 June 2015	This standard adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard.	There will be no impact to the entity as there are no offsetting arrangements currently in place.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q. **Going concern**

As at 31 December 2013, the entity is in a net asset deficiency of $75,252, this deficiency is mainly due to the inclusion of income in advance of $129,249 in trade payables as at 31 December 2013. Notwithstanding this factor, the financial report has been prepared on the basis that the entity is a going concern, which assumes continuity of normal business activities and the realisation and the settlement of liabilities in the normal course of business.

To continue as a going concern, the entity requires:
- to generate sufficient funds from future operating activities
- to acquire financial support from its related divisions

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

NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR FAIR WORK COMMISSION

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 the General Manager of the Fair Work Commission, 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

	Notes	2013 $	2012 $
Sustentation fees:			
– CFMEU – Construction and General Division – National Office		704,854	677,631
– CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division		150,415	144,978
– CFMEU – Mining and Energy Division – National Office		270,375	248,067
Interest received		11,376	10,453
Grant income		26,861	8,170
Directors fees		65,766	12,000
Contributions:			
– Conference contributions*		7,500	371,000
– Let's Spread It Around Campaign**	13	1,629,207	12,559
– Why Mr Abbott Campaign***	13	800,954	-
– Federal election contributions****	13	543,000	-
Donations		-	-
Levies		-	-
Total revenue		4,210,308	1,484,858

* The conference contributions are in regards to monies received to fund the CFMEU Women's Conference and the CFMEU National Conference.

** The Let's Spread It Around Campaign is a campaign around the improvement of economic policy to benefit all Australians.

*** The Why Mr Abbott Campaign is a campaign to stop the abuse of 457 visas by employers and for legislation which makes employers advertise jobs locally first.

**** The Federal Election Contributions were received for the purpose of supporting the campaign efforts of various political parties.

NOTE 4: LOSS FOR YEAR

Loss before income tax expense has been determined after:

	2013 $	2012 $
EXPENSES		
Affiliation, capitation fees, compulsory levies and commissions		
Affiliation fees:		
- Australian Council of Trade Unions	363,291	349,800
- Australian Fair Trade and Investment Network	3,341	3,250
- Australian People for Health, Education and Development Abroad	2,600	2,600
	369,232	355,650

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 4: LOSS FOR YEAR continued

	2013 $	2012 $
Depreciation expense		
Office Equipment	4,177	3,230
Furniture and fittings	110	8
	4,287	3,238
Employee benefits expense		
Salaries and allowances:		
- elected officials	202,961	237,160
- employees	403,578	262,849
Superannuation contributions:		
- elected officials	22,995	28,454
- employees	59,667	38,331
Provision for annual leave:		
- elected officials	(8,645)	3,787
- employees	4,338	17,426
Provision for long service leave:		
- elected officials	7,876	6,644
- employees	-	(652)
Provision for RDO:		
- employees	1,770	(2,104)
Provision for personal leave:		
- elected officials	9,163	(36,998)
- employees	3,923	3,462
Termination payments:		
- employees	-	-
Other:		
- payroll tax	35,029	27,288
- employee overheads	4,371	6,435
- fringe benefit tax	2,992	(220)
- redundancy fund contributions	13,350	14,832
- workcover	6,044	4,704
	769,412	611,398
Included within Operating Expenses		
Remuneration of auditor:		
- auditing of the financial statements	10,500	10,500
- accounting and taxation services	751	1,159
	11,251	11,659
Campaign expenses:		
- Let's Spread It Around Campaign	1,472,758	-
- Why Mr Abbott Campaign	800,954	-
	2,273,712	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 4: LOSS FOR YEAR continued

Included within Operating Expenses continued

	2013 $	2012 $
Donations:		
[redacted]	[redacted]	[redacted]
[redacted]	-	[redacted]
	[redacted]	[redacted]
Legal fees		
- litigation	-	-
- other legal matters	777	-
	777	-
Grants	-	-
Consideration to employers for payroll deductions	-	-

	2013 $	2012 $
NOTE 5: CASH AND CASH EQUIVALENTS		
CURRENT		
Cash at bank and on hand	371,804	243,668

NOTE 6: TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
CURRENT		
Trade receivables	55,000	5,000
Other receivables	8,127	16,165
	63,127	21,165
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	4,091	7,241
	4,091	12,241

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.

NOTE 6: TRADE AND OTHER RECEIVABLES continued

a. **Credit risk continued**

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
	$	$	$	$	$	$
2013						
Trade and other receivables	63,127	-	8,127	-	-	55,000
Total	63,127	-	8,127	-	-	55,000
2012						
Trade and other receivables	21,165	-	16,165	5,000	-	-
Total	21,165	-	16,165	5,000	-	-

b. **Collateral pledged**

No collateral is held over trade and other receivables.

	2013 $	2012 $
NOTE 7: OTHER ASSETS		
CURRENT		
Prepayments	8,029	3,284
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
Office equipment		
At cost	15,800	26,445
Accumulated depreciation	(7,614)	(18,170)
	8,186	8,275
Furniture and fittings		
At cost	1,099	1,099
Accumulated depreciation	(118)	(8)
	981	1,091
Total property, plant and equipment	9,167	9,366

NOTE 8: PROPERTY, PLANT AND EQUIPMENT continued

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	8,275	1,091	9,366
Additions	4,162	-	4,162
Disposals	(74)	-	(74)
Depreciation expense	(4,177)	(110)	(4,287)
Carrying amount at the end of year	8,186	981	9,167

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

NOTE 9: TRADE AND OTHER PAYABLES

	2013 $	2012 $
CURRENT		
Trade creditors & accruals	239,065	57,321
Income in advance	129,249	79,271
	368,314	136,592
Amounts included in the above trade creditors and accruals are amounts payable to:		
CFMEU – Construction & General Division – National Office	-	317
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	27,543	8,005
	27,543	8,322
Amounts included in the above income in advance are in regards to income deferred on contributions from:		
CFMEU – Construction & General Vic Branch	7,955	-
CFMEU – Construction & General WA Branch	7,666	-
CFMEU – Construction & General Queensland Branch	7,666	-
CFMEU – Construction & General National Office	2,885	37,441
CFMEU – Mining & Energy National Office	25,001	-
CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	11,211	-
CFMEU – Construction & General NSW Branch	948	-
CFMEU – Construction & General ACT Branch	948	-
	64,280	37,441

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 10: PROVISIONS

	2013 $	2012 $
Analysis of Total Provisions		
CURRENT		
Employee entitlements		
Provision for annual leave		
- elected officials	19,388	28,033
- employees	42,974	38,636
	62,362	66,669
Provision for long service leave		
- elected officials	52,718	-
Provision for rostered days off		
- employees	4,177	2,407
Provision for personal leave		
- elected officials	24,612	15,449
- employees	15,196	11,273
	39,808	26,722
Total current provisions	159,065	95,798
NON-CURRENT		
Employee entitlements:		
Provision for long service leave		
- elected officials	-	44,842
- employees	-	-
Total non-current provisions	-	44,842
Total provisions	159,065	140,640

	Annual Leave $	Long Service Leave $	RDO $	Personal Leave $	Total $
Balance at 31 December 2012	66,669	44,842	2,407	26,722	140,640
Additional provisions raised during the year	75,892	7,876	16,565	25,785	126,118
Amounts used	(80,199)	-	(14,795)	(12,699)	(107,693)
Balance at 31 December 2013	62,362	52,718	4,177	39,808	159,065

NOTE 10: PROVISIONS continued

	2013 $	2012 $
Analysis of total provisions		
Current	159,065	95,798
Non-current	-	44,842
	159,065	140,640
Number of employees at year end	6	5

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

The current portion for this provision includes the total amount accrued for annual leave, long service leave, personal leave and RDO entitlements that have vested due to employees having completed the required period of service. Based on past experience, the entity does not expect the full amount of annual or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the entity does not have an unconditional right to defer the settlement of these amounts in the event of employees wish to use their leave entitlement.

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

a. **Reconciliation of cash flow from operations with loss after income tax**

	2013 $	2012 $
Loss after income tax	(75,503)	(54,209)
Non-cash flows in profit:		
Plant, property and equipment:		
– depreciation	4,287	3,238
– loss on fixed assets write off	74	-
Changes in assets and liabilities:		
– (increase)/decrease in receivables	(41,962)	135,175
– (increase)/decrease in other assets	(4,745)	1,011
– increase/(decrease) in trade and other payables	231,722	(12,699)
– increase/(decrease) in provisions	18,425	(8,434)
Net cash provided by operating activities	132,298	64,082

NOTE 11: CASH FLOW INFORMATION continued

b. Cash flow information

	2013 $	2012 $
Cash inflows from related branches included within membership contributions:		
- CFMEU – Construction & General National Office	775,339	745,394
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	165,457	159,476
- CFMEU – Mining & Energy National Office	297,413	272,874
Total cash inflows	1,238,209	1,177,744
Cash inflows from related branches included within Let's Spread It Around Campaign contributions received:		
- CFMEU – Mining & Energy National Office	557,700	-
- CFMEU – Construction & General Queensland Branch	220,000	-
- CFMEU – Construction & General Vic Branch	220,000	-
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	330,000	-
- CFMEU – Construction & General WA Branch	220,000	-
- CFMEU – Construction & General NSW Branch	110,000	-
- CFMEU – Construction & General ACT Branch	110,000	-
- CFMEU – Construction & General National Office	-	55,000
Total cash inflows	1,767,700	55,000
Cash inflows from related branches included within Why Mr Abbott Campaign contributions received:		
- CFMEU – Construction & General Vic Branch	115,500	-
- CFMEU – Construction & General WA Branch	110,000	-
- CFMEU – Construction & General Queensland Branch	110,000	-
- CFMEU – Construction & General National Office	55,000	-
- CFMEU – Mining & Energy National Office	385,000	-
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	159,500	-
Total cash inflows	935,000	-
Cash inflows from related branches included within Federal Election contributions received:		
- CFMEU – Construction & General WA Branch	220,000	-
- CFMEU – Construction & General Vic Branch	104,500	-
- CFMEU – Mining & Energy National Office	91,300	-
- CFMEU – Construction & General National Office	110,000	-
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	66,000	-
Total cash inflows	591,800	-

NOTE 11: CASH FLOW INFORMATION continued

b. Cash flow information continued

	2013 $	2012 $
Cash inflows from related branches included within reimbursements received for levy expenses:		
- CFMEU – Construction & General National Office	145,785	147,591
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	31,484	31,577
- CFMEU – Mining & Energy National Office	55,931	54,032
Total cash inflows	233,200	233,200
Cash inflows from related branches included within reimbursements received for sponsorship expenses:		
- CFMEU – Construction & General National Office	11,000	11,000
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	11,000	11,000
- CFMEU – Mining & Energy National Office	11,000	11,000
Total cash inflows	33,000	33,000
Cash inflows from related branches included within conference contributions received:		
- CFMEU – Construction & General National Office	-	121,000
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	-	60,500
- CFMEU – Mining & Energy National Office	-	60,500
Total cash inflows	-	242,000
Cash outflow for rental expense paid to a related branch included within payments to suppliers and employees:		
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	27,500	27,500
Total cash outflows	27,500	27,500

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 2013.

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 (Resigned 19 November 2013)
Michael Ravbar	National Vice President
Frank O'Grady	National Executive Committee
Ian Murray	National Executive Committee
Alex Millar	National Executive Committee
Brian Parker	National Executive Committee
John Setka	National Executive Committee
Brad Parker	National Executive Committee (Appointed 19 November 2013)

a. The aggregate amount of remuneration paid to elected officials during the financial year for salaries was $202,961 (2012: $237,160).

	2013 $	2012 $
The breakdown of remuneration paid to elected officials was as follows:		
Michael O'Connor – National Secretary	202,961	237,160

The aggregate amount paid during the financial year to a superannuation plan in connection with the retirement of elected officials was $22,995 (2012: $28,454).

The breakdown of amounts paid to a superannuation plan in connection with the retirement of elected officials was as follows:		
Michael O'Connor – National Secretary	22,995	28,454

b. The aggregate amount of remuneration paid to other persons on the Committee of Management was as follows: -
- salaries and allowances $Nil (2012: $Nil)
- superannuation $Nil (2012:$Nil)
- loss of wages $Nil (2012: $Nil)

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

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

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.

	2013 $	2012 $
Transactions with related parties:		
Contributions received from related parties for the Let's Spread it Around Campaign:		
- CFMEU – Mining & Energy National Office	507,000	-
- CFMEU – Construction & General Queensland Branch	200,000	-
- CFMEU – Construction & General Vic Branch	200,000	-
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	300,000	-
- CFMEU – Construction & General WA Branch	200,000	-
- CFMEU – Construction & General NSW Branch	100,000	-
- CFMEU – Construction & General ACT Branch	100,000	-
- CFMEU – Construction & General National Office	-	50,000
Total contributions received	1,607,000	50,000
Add: opening balance of income in advance	37,441	-
Less: closing balance of income in advance	(15,234)	(37,441)
Contribution income for the year (Note 3)	1,629,207	12,559
Contributions received from related parties for the Why Mr Abbott Campaign:		
- CFMEU – Construction & General Vic Branch	105,000	-
- CFMEU – Construction & General WA Branch	100,000	-
- CFMEU – Construction & General Queensland Branch	100,000	-
- CFMEU – Construction & General National Office	50,000	-
- CFMEU – Mining & Energy National Office	350,000	-
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	145,000	-
Total contributions received	850,000	-
Add: opening balance of income in advance	-	-
Less: closing balance of income in advance:	(49,046)	-
Contribution income for the year (Note 3)	800,954	-

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

Transactions with related parties continued:

	2013 $	2012 $
Contributions received from related parties for donations made to various political parties in the Federal Election:		
- CFMEU – Construction & General WA Branch	200,000	-
- CFMEU – Construction & General Vic Branch	95,000	-
- CFMEU – Mining & Energy National Office	83,000	-
- CFMEU – Construction & General National Office	100,000	-
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	60,000	-
	538,000	-
Rental expense paid:		
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	25,000	25,000
Contributions received from related parties for conferences:		
- CFMEU – Construction & General National Office	-	110,000
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	-	55,000
- CFMEU – Mining & Energy National Office	-	55,000
	-	220,000
Reimbursement of levy expenses by related parties:		
- CFMEU – Construction & General National Office	132,532	134,174
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	28,622	28,706
- CFMEU – Mining & Energy National Office	50,846	49,120
	212,000	212,000
Reimbursement of sponsorship expenses by related parties:		
- CFMEU – Construction & General National Office	10,000	10,000
- CFMEU – Forestry, Furnishing, Building Products and Manufacturing Division	10,000	10,000
- CFMEU – Mining & Energy National Office	10,000	10,000
	30,000	30,000

NOTE 14: ECONOMIC DEPENDENCE

The principle source of income for the entity is sustentation 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	2013 $	2012 $
Financial assets			
Cash and cash equivalents	5	371,804	243,668
Loans and receivables	6	63,127	21,165
Total financial assets		434,931	264,833
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables (excluding income in advance)	9	239,065	57,321
Total financial liabilities		239,065	57,321

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 2013.

The committee 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 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.

NOTE 16: FINANCIAL RISK MANAGEMENT continued

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 has otherwise cleared as being financially sound.

Credit risk exposures:

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

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

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

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 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 analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

NOTE 16: FINANCIAL RISK MANAGEMENT continued

Financial Risk Management Policies continued

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	239,065	57,321	-	-	-	-	239,065	57,321
Total expected outflows	239,065	57,321	-	-	-	-	239,065	57,321
Financial assets – cash flows realisable								
Cash and cash equivalents	371,804	243,668	-	-	-	-	371,804	243,668
Trade, term and loan receivables	63,127	21,165	-	-	-	-	63,127	21,165
Total anticipated inflows	434,931	264,833	-	-	-	-	434,931	264,833
Net (outflow)/inflow on financial instruments	195,866	207,512	-	-	-	-	195,866	207,512

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

c. **Market risk**

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

ii. Price risk

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

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

NOTE 16: FINANCIAL RISK MANAGEMENT continued

c. Market risk continued

Sensitivity analysis

The following table illustrates sensitivities to the entity's exposures to changes in interest rates. The table indicates the impact on how the loss 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/loss $
Year ended 31 December 2013	
+/-1% in interest rates basis points	3,718
Year ended 31 December 2012	
+/-1% in interest rates basis points	2,437

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

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

There is no variance between the fair value and carrying value at the year end.

NOTE 17: ENTITY DETAILS

The registered office and principal place of business is:

148-152 Miller Street
West Melbourne
Victoria 3003

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

COMMITTEE OF MANAGEMENT CERTIFICATE

On 6 June 2014 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 2013:

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 the General Manager of the Fair Work Commission;

(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 Fair Work (Registered Organisations) Act 2009 ("RO Act"); 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) where the information has been sought in any request by a member of the reporting unit or the General Manager duly made under section 272 of the RO Act, that information has been provided to the member or the General Manager; 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

CONSTRUCTION FORESTRY MINING AND ENERGY UNION
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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 the General Manager; and

(ii) the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit 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 monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and

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

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

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

Tony Maher – National President

Michael O'Connor – National Secretary

Dated: 6 June 2014

Melbourne

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

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 2013, 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 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 entities 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 entities 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 general purpose financial report of the entity:

a. (i) presented fairly the entity's financial report for the year ended 31 December 2013 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; and
   (ii) complied with the 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 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

Emphasis of Matter

Without qualifying our opinion expressed above, we draw attention to the fact that the entity is in a net asset deficiency position of $75,252. This condition indicates the existence of a significant uncertainty which may cast significant doubt about the entity's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

MSI Ragg Weir

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: 6 June 2014