



FAIR WORK
AUSTRALIA

11 October 2011

Mr Michael O'Connor
Divisional Secretary, Forestry, Furnishing Building Products and Manufacturing Division
Construction, Forestry, Mining and Energy Union
148-152 Miller Street
WEST MELBOURNE VIC 3003

Dear Mr O'Connor

**Lodgment of Financial Accounts and Statements - FFPD, Construction, Forestry, Mining
and Energy Union - for year ended 31 December 2010 (FR2010/2842)**

Thank you for lodging the abovementioned financial accounts and statements which were received by Fair Work Australia on 4 October 2011.

The documents have been filed.

I draw your attention to Note 4 on page 16 which itemizes various donation amounts exceeding \$1,000. These amounts should be included in a separate statement showing the prescribed particulars including the address of the recipients, pursuant to section 237 of the *Fair Work (Registered Organisations) Act 2009* and lodged at your earliest opportunity.

Yours sincerely,

Stephen Kellett
Statutory Services Branch
Fair Work Australia

**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 Forestry, Furnishing, Building Products and Manufacturing Division for the year ended 31 December 2010.

- are copies of the documents provided to members from 31 August 2011.
- were subsequently presented to a meeting in accordance with section 266, being a meeting of committee of management held on 21 September 2011.



National Secretary
Construction, Forestry, Mining & Energy Union
Forestry, Furnishing, Building Products and Manufacturing Division

Date 29 September 2011

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND
MANUFACTURING DIVISION**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

OPERATING REPORT

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009, the Divisional Executive present their Operating Report on the Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division, (the Reporting Unit) for the financial year ended 31 December 2010.

Principal Activities

The principal activities of the Union during the past year fell into the following categories:

- Implementation of the decisions of the Divisional Executive and National Conference.
- Implementation of the Union's organising agenda, including direct assistance and strategic advice on particular industry sector or site organising projects, the training and development of officials and assistance to Branches on planning, resourcing and conducting campaigns.
- Industrial support including representation of membership grievances, research, interpretation and advice on legal and legislative matters, and advocacy before industrial tribunal.
- Facilitation of communication within and between the Branches including the National Journal and website.
- Pursuing relevant change to the conditions of eligibility rules of the Union, and responding to other unions' rules applications where they impact on membership of FFPD.
- The interpretation and administration of Awards and Agreements, and making applications to vary Awards on behalf of Branches to upgrade or amend them.
- Management of information technology and strategic membership system designs to support organising.
- Involvement in lobbying and negotiations with different levels of Government and key industry organisations around issues of importance to FFPD members.

Operating Result

The operating profit of the Union for the financial year was \$209,876 (2009: \$630,301). No provision for tax was necessary as the Union is exempt from income tax.

The significant change in the financial performance this year relates to recovery of legal fees of \$298,227.

Significant Changes

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

No matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years.

Rights of Members

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

The right of members to resign from the Union is set out in Rule 12 of the Rules of the Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**OPERATING REPORT
Continued**

Superannuation Officeholders

Jane Calvert is the National Divisional President and Director of the Superannuation Trustee Company:
- FIRST Superannuation Pty Ltd (resigned 30 March 2010)

Alex Millar is the National Divisional Senior Vice President of the Union and Director of the Superannuation Trustee Company:
- FIRST Superannuation Pty Ltd

Michael O'Connor is the National Divisional Secretary of the Union and Director of the Superannuation Trustee Company:
- FIRST Superannuation Pty Ltd

David Kirner is a National Divisional Trustee of the Union, and Director of the Superannuation Trustee Company:
- FIRST Superannuation Pty Ltd (appointed 30 March 2010)
- BIRST

Frank Vari is a National Divisional Vice President of the Union and Director of the Superannuation Trustee Company:
- FIRST Superannuation Pty Ltd

Kevin Millie is the Director of the Superannuation Trustee Company:
- FIRST Superannuation Pty Ltd

No other officer or member of the Union acts:

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

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**OPERATING REPORT
Continued**

Other Prescribed Information

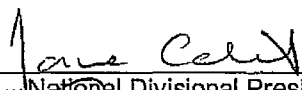
In accordance with Regulation 159 of the Fair Work (Registered Organisations) Regulations 2009:

- (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 Fair Work (Registered Organisations) Act 2009 and who are taken to be members of the Union under section 244 of the Fair Work (Registered Organisations) Act 2009 was 8,294.
- (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 43.
- (c) The names of each person who have been a member of the Divisional Executive of the Union at any time during the reporting period, and the period for which he or she held such a position were;

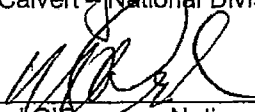
Name	Position
Jane Calvert	National Divisional President
Alex Millar	National Divisional Senior Vice President
Craig Smith	National Divisional Vice President
Frank Vari	National Divisional Vice President
Michael O'Connor	National Divisional Secretary
Leo Skourdourmbis	National Divisional Assistant Secretary
Kenneth Fraser	National Divisional Trustee
David Kirner	National Divisional Trustee
Kenneth Miller	National Divisional Trustee
Scott McLean	National Divisional Trustee
Vincent Breen	National Divisional Executive Member (resigned 1 January 2010)
Bradley Coates	National Divisional Executive Member
Damian Cooke	National Divisional Executive Member
Kim Mason	National Divisional Executive Member
Cliff Palmer	National Divisional Executive Member

Divisional Executive Members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Signed in accordance with a resolution of the Divisional Executive:



Jane Calvert – National Divisional President



Michael O'Connor – National Divisional Secretary

Melbourne 23 August 2011

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
Revenue	3	6,542,699	6,166,869
Administration expense	4	(913,655)	(998,567)
Affiliation fees, compulsory levies and sustentation fees	4	(269,654)	(228,909)
Bad debts		(37,216)	(10,060)
Depreciation expense	4	(140,508)	(100,581)
Employee benefits expense	4	(3,723,659)	(3,754,137)
Doubtful debts provision		37,347	666,490
Interest paid		(19,932)	(20,927)
Loss on sale of fixed assets		(939)	(8,089)
Motor vehicle expense		(351,906)	(323,033)
Occupancy expense		(204,539)	(179,148)
Telephone and facsimile expense		(176,111)	(167,263)
Travel expense		(529,968)	(407,942)
Other expenses		(2,083)	(4,402)
Profit before income tax expense		<u>209,876</u>	<u>630,301</u>
Income tax expense	1(a)	-	-
Net profit attributable to members		<u>209,876</u>	<u>630,301</u>

The accompanying notes form part of these financial statements

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	5	3,886,074	3,935,684
Trade and other receivables	6	91,261	275,774
Prepayments	7	<u>52,907</u>	<u>68,977</u>
TOTAL CURRENT ASSETS		<u>4,030,242</u>	<u>4,280,435</u>
NON CURRENT ASSETS			
Trade and other receivables	6	2,861,277	2,861,277
Plant and equipment	8	813,376	709,754
Financial assets	9	<u>123,337</u>	<u>122,055</u>
TOTAL NON CURRENT ASSETS		<u>3,797,990</u>	<u>3,693,086</u>
TOTAL ASSETS		<u>7,828,232</u>	<u>7,973,521</u>
CURRENT LIABILITIES			
Trade and other payables	10	1,435,463	1,737,940
Short term provisions	11	1,141,833	1,219,730
Short term borrowings	12	<u>-</u>	<u>51,418</u>
TOTAL CURRENT LIABILITIES		<u>2,577,296</u>	<u>3,009,088</u>
NON CURRENT LIABILITIES			
Long term provisions	11	76,627	-
Long term borrowings	12	<u>450,000</u>	<u>450,000</u>
TOTAL NON CURRENT LIABILITIES		<u>526,627</u>	<u>450,000</u>
TOTAL LIABILITIES		<u>3,103,923</u>	<u>3,459,088</u>
NET ASSETS		<u>4,724,309</u>	<u>4,514,433</u>
EQUITY			
Retained earnings		<u>4,724,309</u>	<u>4,514,433</u>
TOTAL EQUITY		<u>4,724,309</u>	<u>4,514,433</u>

The accompanying notes form part of these financial statements

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Asset Revaluation Reserve \$	Capital Reserve \$	PPW Support Fund \$	Retained earnings \$	Total \$
Balance at 1 January 2009	-	-	-	(132,840)	(132,840)
Profit attributable to members	-	-	-	630,301	630,301
	-	-	-	497,461	497,461
Transfer from CFMEU FFPD Branches	1,077,343	96,853	1,472,882	1,369,894	4,016,972
Transfer of Reserves	(1,077,343)	(96,853)	-	1,174,196	-
Transfer to PPW Support Fund	-	-	121,725	(121,725)	-
Balance at 31 December 2009	-	-	1,594,607	2,919,826	4,514,433
Profit attributable to members	-	-	-	209,876	209,876
Transfer to PPW Support Fund	-	-	252,318	(252,318)	-
Balance at 31 December 2010	-	-	1,846,925	2,877,384	4,724,309

The accompanying notes form part of these financial statements.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Memberships & levies		4,208,530	3,764,860
Interest received		142,110	128,456
Other income received		3,051,376	2,278,768
Payments to suppliers and employees		<u>(7,153,857)</u>	<u>(5,847,345)</u>
Net cash provided by operating activities	18(b)	<u>248,159</u>	<u>324,739</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(259,297)	(444,392)
Proceeds from disposal of property, plant & equipment		14,228	30,215
Payments for Financial Assets		(1,282)	-
Payments to Short term borrowings		<u>(51,418)</u>	<u>-</u>
Net Cash used by investing activities		<u>(297,769)</u>	<u>(414,177)</u>
Net increase/(decrease) in cash held		(49,610)	(89,438)
Cash at beginning of year		3,935,684	217,500
Transfers from CFMEU FFPD Branches:			
- NSW Branch		-	56,672
- SA Branch		-	243,148
- TAS Branch		-	2,415
- WA Branch		-	9,738
- Vic Branch		-	332,395
- PPW Branch		-	1,668,403
- PPW Melbourne Sub Branch		-	505,406
- PPW Maryvale Sub Branch		-	573,287
- PPW Millicent Sub Branch		-	410,571
- PPW Nowra Sub Branch		-	<u>5,587</u>
Cash at end of year	18(a)	<u>3,886,074</u>	<u>3,935,684</u>

The accompanying notes form part of these financial statements

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**STATEMENT OF RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY
CASH BASIS - FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 \$	2009 \$
Cash assets in respect of recovered money at beginning of year	-	-
Receipts		
Amounts recovered from employers in respect of wages etc	91,357	-
Interest received on recovered money	-	-
Total receipts	<u>91,357</u>	<u>-</u>
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 reporting unit	-	-
- other entity	-	-
Deductions of fees or reimbursements of expenses	4,568	-
Payments to workers in respect of recovered money	86,789	-
Total payments	<u>91,357</u>	<u>-</u>
Cash assets in respect of recovered money at end of year	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Fair Work (Registered Organisations) Act 2009.

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

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

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. Revenue

Revenue from membership is recognised on a receipt basis.

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

Dividend revenue is recognised when the right to receive a dividend has been established.

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

c. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

d. Impairment of Assets

At each reporting date, the Union review the carrying value of the tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

e. 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 balance sheet.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

f. Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the Divisional Executive to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight line basis or a reducing balance basis over their estimated useful lives to the Union commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.0%
Office equipment	10.0% to 33.33%
Furniture, fittings and equipment	5.0% to 47.90%
Motor vehicles	22.5%

g. Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other 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.

Contributions are made by the Union to an employee superannuation fund and are charged as expenses when incurred.

h. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Union 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.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

h. Financial Instruments continued

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. 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:

- i) the amount at which the financial asset or financial liability is measured at initial recognition
- ii) less principal repayments
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially
- iii) recognised and the maturity amount calculated using the effective interest method; and
- iv) less any reduction for impairment.

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 value with a consequential recognition of an income or expense in profit or loss.

The Union 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, where they are 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 value 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. 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.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

h. Financial Instruments continued

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 Union's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

iii) Held-to-maturity investments continued

If during the period the Union sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

iv) Available-for-sale financial assets

Available-for-sale financial assets 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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

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.

Impairment

At each reporting date, the Union assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the consolidated group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value 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.

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FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

k. Comparative Figures

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

l. Critical Accounting Estimates and Judgements

The Divisional Executive evaluates estimates and judgements incorporated into the financial report 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 union.

Key Estimates

The Divisional Executive assess 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 Judgements

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities.

m. Adoption of New and Revised Accounting Standards

During the current year, the Union has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of the Construction, Forestry, Mining and Energy Union – Forestry, Furnishing, Building Products and Manufacturing Division.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the consolidated group's financial statements.

Disclosure impact

Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Statement of comprehensive income — The revised AASB 101 requires all income and expenses to be presented in either one statement — the statement of comprehensive income, or two statements — a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Union's financial statements now contain a statement of comprehensive income.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

m. Adoption of New and Revised Accounting Standards continued

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

n. 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 and which the Union has decided not to early adopt. A discussion of those future requirements and their impact on the Union is as follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2009-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] and AASB 2009-11: Amendments to Australian Accounting Standard — Business Combinations Among Not-for-Profit Entities [AASB 3] (applicable for annual reporting periods commencing from 1 July 2010).

These Standards are applicable prospectively and will therefore only affect relevant transactions and consolidations occurring after the date of application. As such, the Union is unable to determine any potential impact on the financial statements.

- AASB 2009-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038] (applicable for annual reporting periods commencing from 1 January 2010) and AASB 2009-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5] (applicable for annual reporting periods commencing from 1 July 2010).

These amendments detail numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Union.

- AASB 2009-8: Amendments to Australian Accounting Standards — Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2010).

This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Union.

- AASB 2010-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2010) and AASB 2010-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These amendments detail numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Union.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR 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 a reporting unit, or the General Manager of Fair Work Australia, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
2. The application must be in writing and specify the period within which, and the manner in which, the information is to be made available. The period must not be less than fourteen days after the application is given to the reporting unit.
3. A reporting unit must comply with an application under subsection (1).

	2010	2009
	\$	\$
NOTE 3: REVENUE		
Operating activities		
Membership dues received	3,378,229	3,523,664
Sustentation fees from Branches:		
- CFMEU FFPD FFTS Branches:		
Victoria	254,402	241,196
-CFMEU FFPD Pulp and Paper Workers' Branch		
Support Fund Levy: Pulp and Paper Workers' Branch	171,772	155,341
Directors fees	300,044	289,035
Consultancy fees	330,783	172,547
Coordinator fees	1,133,677	957,566
Department of Primary Industry	-	31,250
Training Income	12,221	271
Sponsorship Income	31,845	86,705
Contributions – OHS & E	223,199	223,199
Contributions – Industry Skills Development	112,000	112,000
Conference registrations	-	30,717
Unrealised Gain (Loss) on Investments	(135)	57
Dividends received	79	565
Representation fees	99,863	149,869
Transfer of employee entitlements from FIRST Super	-	18,239
Interest received	142,110	128,456
Recovery of Legal fees	298,227	-
Insurance Proceeds - Floods	26,135	-
Other income	28,248	46,192
Total revenue	6,542,699	6,166,869

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	\$	\$
NOTE 4: PROFIT FOR YEAR		
Profit before income tax expense has been determined after:		
EXPENSES		
Administration expense		
Accounting fees	390	2,544
Bank charges	8,514	8,643
Campaign expenses	20,428	15,890
Child Labour Support Campaign	5,542	6,489
Computer expenses	98,989	97,757
Conference expenses	28,672	97,074
Consultancy expenses	98,762	77,131
Insurance	60,662	53,389
Legal expenses	59,906	103,267
Meeting expenses	76,430	88,762
Member benefits	11,388	29,974
Membership system expenses	53,981	63,896
Postage and freight	25,472	21,518
Printing and stationery	47,207	42,275
Promotional material	77,196	88,245
Publications and subscriptions	20,254	19,987
Repairs and maintenance	9,588	6,584
Security	4,400	-
Staff expenses	9,546	9,957
Sundry expenses	764	360
Remuneration of auditor		
- audit (current year)	18,000	25,000
- audit (previous years)	28,967	-
Training:		
- Employees	13,323	26,550
- Members & other	65,301	44,682
	913,655	998,567

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 \$	2009 \$
NOTE 4: PROFIT FOR YEAR continued		
Affiliation fees, compulsory levies and Sustentation fees		
Affiliation fees:		
- Australian Labour Party		
- South Australia	7,561	9,088
- Tasmania	2,471	2,602
- Victoria	47,770	45,933
- New South Wales	9,764	-
- Ballarat Trades Hall Council	811	811
- Geelong Trades Hall Council	316	305
- NSW Labour Council	7,003	6,819
- S A Union	10,555	10,185
- Unions WA	1,536	924
- South West T&LC	150	138
- Victorian Trades Hall Council	12,299	11,667
- International Federation of Chemical, Energy, Mine and General Workers' Union	6,222	3,633
- South Australian May Day Committee	400	182
- Other	2,208	-
Compulsory levies:		
- Australian Council of Trade Unions	16,750	-
- Victorian Trades Hall Council		
- Campaign levy	1,263	1,195
- Women's levy	699	676
- Young unionists levy	507	451
Sustentation fees:		
- CFMEU National Office	135,675	134,300
- Other	5,694	-
	<u>269,654</u>	<u>228,909</u>
Depreciation expense		
Motor vehicles	116,259	67,676
Furniture, fittings and equipment	5,092	6,799
Buildings	2,069	2,069
Office equipment	17,088	24,037
	<u>140,508</u>	<u>100,581</u>
Employee benefit expense		
Salaries		
- elected officials	712,536	659,086
- employees	2,361,529	2,322,143
Superannuation		
- elected officials	110,203	89,145
- employees	269,874	285,747
Provision for annual leave		
- elected officials	3,572	28,511
- employees	11,064	34,321
Provision for long service leave		
- elected officials	(11,661)	61,111
- employees	17,435	62,956

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	\$	\$
NOTE 4: PROFIT FOR YEAR continued		
Employee benefit expense continued		
Provision for sick leave		
- elected officials	(26,413)	(17,746)
- employees	(7,506)	8,501
Provision for RDO		
- elected officials	2,869	772
- employees	8,888	3,994
Provision for severance:		
- elected officials	24,848	-
- employees	(24,366)	(16,392)
Termination payments:		
- employees	-	-
Fringe benefits tax	45,312	45,742
Payroll tax	187,899	142,593
Workcover	37,576	43,653
	<u>3,723,659</u>	<u>3,754,137</u>
 NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	3,883,794	3,933,404
Cash on hand	2,280	2,280
	<u>3,886,074</u>	<u>3,935,684</u>
 NOTE 6: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade Receivables	2,561	119,445
Accrued Income	12,780	9,673
Other Receivables	76,661	185,040
	<u>92,002</u>	<u>314,158</u>
Less Provision for Doubtful Debts	(741)	(38,384)
	<u>91,261</u>	<u>275,774</u>
 NON-CURRENT		
Sundry Debtors	2,861,277	2,861,277

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 6: TRADE AND OTHER RECEIVABLES continued

(i) Provision for Impairment of Receivables

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

	\$
Provision for impairment as at 1 January 2009	704,874
- Reversal	(666,490)
- Written off	-
Provision for impairment as at 31 December 2009	38,384
- Reversal	(37,643)
- Written off	-
Provision for impairment as at 31 December 2010	741

(ii) Credit Risk – Trade and Other Receivables

The Union does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the Union'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 Union and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining the solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Union.

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

	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31 -60	61-90	> 90	
			\$	\$	\$	\$	
2010							
Trade receivables	2,561	741	-	-	-	-	1,820
Other receivables	89,441		-	-	-	-	89,441
Total	92,002	741	-	-	-	-	91,261
2009							
Trade receivables	119,445	38,384	-	-	-	-	81,061
Other receivables	194,713		-	-	-	-	194,713
Total	314,158	38,384	-	-	-	-	275,774

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 6: TRADE AND OTHER RECEIVABLES continued

The Union does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

	2010 \$	2009 \$
NOTE 7: OTHER CURRENT ASSETS		
CURRENT		
Prepayments	<u>52,907</u>	<u>68,977</u>

NOTE 8: PLANT AND EQUIPMENT

Land– at cost	<u>14,000</u>	<u>14,000</u>
Buildings – at cost	103,453	103,453
Less accumulated depreciation	<u>(25,173)</u>	<u>(23,104)</u>
	<u>78,280</u>	<u>80,349</u>
Office equipment – at cost	355,075	333,284
Less accumulated depreciation	<u>(304,539)</u>	<u>(287,453)</u>
	<u>50,536</u>	<u>45,831</u>
Furniture, fittings and equipment – at cost	147,627	136,655
Less accumulated depreciation	<u>(112,042)</u>	<u>(106,950)</u>
	<u>35,585</u>	<u>29,705</u>
Motor vehicles – at cost	884,545	712,972
Less accumulated depreciation	<u>(249,570)</u>	<u>(173,103)</u>
	<u>634,975</u>	<u>539,869</u>
TOTAL PLANT AND EQUIPMENT	<u>813,376</u>	<u>709,754</u>

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 8: PLANT AND EQUIPMENT continued

Movements In Carrying Amounts

Movements in the carrying amounts (written down values) for each class of property, plant and equipment between the start and end of the current financial year.

	Land & Buildings \$	Office Equipment \$	Motor Vehicles \$	Furniture Fittings & Equipment \$	TOTAL \$
Balance at start of year	94,349	45,831	539,869	29,705	709,754
Additions	-	21,792	226,533	10,972	259,297
Disposals	-	-	(15,167)	-	(15,167)
Depreciation expense	(2,069)	(17,087)	(116,260)	(5,092)	(140,508)
Balance at end of year	<u>92,280</u>	<u>50,536</u>	<u>634,975</u>	<u>35,585</u>	<u>813,376</u>
			2010	2009	
			\$	\$	

NOTE 9: FINANCIAL ASSETS

NON-CURRENT

Shares in listed public companies (at market value)	2,097	2,231
Shares in unlisted companies (at cost)	2	2
Equity Partner - NLDA	<u>121,238</u>	<u>119,822</u>
	<u>123,337</u>	<u>122,055</u>

NOTE 10: TRADE AND OTHER PAYABLES

Trade creditors & accruals	206,987	284,015
Sundry creditors	708,988	770,255
John Curtin Fund	264,262	435,003
Relief funds held in trust	12,891	12,891
Levy Balances Payable to Members	153,541	152,189
SA District Trust Account	317	19,141
GST liability	<u>88,477</u>	<u>64,446</u>
	<u>1,435,463</u>	<u>1,737,940</u>

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 \$	2009 \$
NOTE 11: PROVISIONS		
CURRENT		
Employee benefits:		
Annual leave		
- elected officials	125,137	121,565
- employees	276,283	265,219
Long service leave		
- elected officials	150,736	162,599
- employees	253,512	312,502
Severance leave		
- elected officials	24,848	-
- employees	-	24,366
Sick leave		
- elected officials	74,971	101,384
- employees	147,883	155,389
RDO Leave		
- elected officials	41,669	38,800
- employees	46,794	37,906
Total Current Provisions	1,141,833	1,219,730
NON CURRENT		
Long Service Leave		
- elected officials	202	-
- employees	76,425	-
Total Non-current Provisions	76,627	-
Total Provisions	1,218,460	1,219,730
 Number of Employees at year end	 43	 47

	Annual Leave	Long Service Leave	Personal Leave	Rostered Days-Off
Opening balance at 1 January 2010	386,784	475,101	256,773	76,706
Additional provision raised during the year	309,691	58,341	104,097	133,852
Amounts used	(295,055)	(52,567)	(138,016)	(122,095)
Balance at 31 December 2010	401,420	480,875	222,854	88,463
			Severance Leave	Total
Opening balance at 1 January 2010			24,366	1,219,730
Additional provision raised during the year			482	606,464
Amounts used			-	(607,734)
Balance at 31 December 2010			24,848	1,218,460

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 \$	2009 \$
NOTE 12: BORROWINGS		
CURRENT		
Bank loan - secured	-	51,418
NON CURRENT		
John Curtin Fund - Unsecured	450,000	450,000
 NOTE 13: PULP AND PAPER WORKERS' SUPPORT FUND		
Balance at 1 January 2010	1,594,607	1,472,882
<u>Income</u>		
Contributions	171,772	155,340
Interest received	83,219	56,940
<u>Expenditure</u>		
Campaign Expenses	(2,473)	-
Bad Debts	(35,105)	-
Legal expenses	-	(55,532)
Provision for Doubtful Debts	34,905	(35,023)
 Balance at 31 December 2010	 1,846,925	 1,594,607

**NOTE 14: KEY MANAGEMENT PERSONNEL COMPENSATION
AND RELATED PARTY TRANSACTIONS**

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;

Jane Calvert	National Divisional President
Alex Millar	National Divisional Senior Vice President
Craig Smith	National Divisional Vice President
Frank Vari	National Divisional Vice President
Michael O'Connor	National Divisional Secretary
Leo Skourdourmbis	National Divisional Assistant Secretary
Kenneth Fraser	National Divisional Trustee
David Kirner	National Divisional Trustee
Kenneth Miller	National Divisional Trustee
Scott McLean	National Divisional Trustee
Vincent Breen	National Divisional Executive Member (resigned 1 January 2010)
Bradley Coates	National Divisional Executive Member
Damian Cooke	National Divisional Executive Member
Kim Mason	National Divisional Executive Member
Cliff Palmer	National Divisional Executive Member

(a) The aggregate amount of remuneration paid to elected officials during the financial year for salaries was \$712,536 (2009: \$659,086). The aggregate amount paid during the financial year to a superannuation plan in connection with the retirement of elected officials was \$110,203 (2009: \$89,145).

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

**NOTE 14: KEY MANAGEMENT PERSONNEL COMPENSATION
AND RELATED PARTY TRANSACTIONS continued**

- (b) There was no remuneration paid to other persons on the committee of management.
- (c) There were no other transactions between the officers of the Union other than those relating to their membership of the Union and reimbursement by the Union 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 15: EVENTS SUBSEQUENT TO REPORTING DATE

No significant events or conditions to the date of the signing of this report have occurred which impact these financial statements.

NOTE 16: ECONOMIC DEPENDENCE

The principle source of income for the Union is from membership fees. The Union is economically dependent upon the membership levels and fees.

NOTE 17: SEGMENT REPORTING

The Union operates predominantly in one industry, being the Forestry, Furnishing, Building Products and Manufacturing sector.

NOTE 18: CASH FLOW INFORMATION

a. Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2010 \$	2009 \$
Cash at bank	3,883,794	3,933,404
Cash on hand	<u>2,280</u>	<u>2,280</u>
	<u>3,886,074</u>	<u>3,935,684</u>

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
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	2010	2009
	\$	\$
NOTE 18: CASH FLOW INFORMATION continued		
b. Reconciliation of Net Cash provided by Operating Activities to Net Profit		
Net profit	209,876	630,301
Non Cash Items		
Depreciation	140,508	100,581
Loss on disposal of fixed assets	939	8,089
Transfer of opening balances from CFMEU FFPD Branches	-	299,398
Changes in Assets and Liabilities		
(Increase)/decrease in current receivables	184,513	13,908
(Increase)/decrease in prepayments	16,070	(49,529)
(Increase)/decrease in non-current receivables	-	(2,837,247)
Increase/(decrease) in provision for employee entitlements	(1,270)	969,754
Increase/(decrease) in payables	(302,477)	1,189,484
Cash flows provided by / (used in) operations	<u>248,159</u>	<u>324,739</u>

c. Credit Stand-by Arrangement and Loan Facilities

There are no credit or loan facilities.

d. There were no non-cash financing or investing activities during the period.

NOTE 19: FINANCIAL RISK MANAGEMENT

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

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

	2010	2009
	\$	\$
Financial assets		
Cash and cash equivalents	3,886,074	3,935,684
Loans and receivables	91,261	275,774
Available for sale financial assets:		
- Equity investments	123,337	122,055
Total financial assets	<u>4,100,672</u>	<u>4,333,513</u>
Financial liabilities		
Financial liabilities at amortised cost:		
- Trade and other payables	1,435,463	1,737,940
- Borrowings	450,000	501,418
Total financial liabilities	<u>1,885,463</u>	<u>2,239,358</u>

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 19: FINANCIAL RISK MANAGEMENT continued

Financial Risk Management Policies

The Union's treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the Union. The treasurer monitors the consolidated group's transactions and reviews the effectiveness of controls relating to credit risk, financial risk and interest rate risk. Discussions on monitoring and managing financial risk exposures are held bi-monthly and minuted by the committee of management.

The treasurer's overall risk management strategy seeks to ensure that the Union meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

Specific Financial Risk Exposures and Management

The main risks the Union is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity price risk.

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 Union.

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 Union securing trade and other receivables.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6.

The Union has no significant concentration 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.

b. Liquidity risk

Liquidity risk arises from the possibility that the Union 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.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

NOTE 19: FINANCIAL RISK MANAGEMENT continued

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 Union is exposed to securities price risk on available-for-sale investments. Such risk is managed through diversification of investments across industries and geographic locations. The Union's investments are held in diversified management fund portfolios.

Sensitivity analysis

The following table illustrates sensitivities to the Union's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reporting 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 assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$	\$
Year ended 31 December 2010		
+/- 1% in interest rates basis points	38,861	38,861
Year ended 31 December 2009		
+/- 1% in interest rates basis points	39,357	39,357

NOTE 20: CONTINGENT ASSET

The Union was involved in a civil case against certain parties. At the end of litigation the Union was awarded approximately \$850,000 costs recovery to the Union.

As at 31 December 2010 \$298,277 (net of legal costs) was received by the Union and recognised in the Statement of Comprehensive Income. The recovery of the balance of the award is uncertain and accordingly the Committee of Management determined that this contingent asset will only be recognised in the Statement of Comprehensive Income upon actual receipt of the monies owing.

NOTE 21: ENTITY DETAILS

The registered office is:
148-152 Miller Street
West Melbourne
Victoria
3003

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

DIVISIONAL EXECUTIVE CERTIFICATE

On 23 August 2011 the Divisional Executive of the Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division ("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 2010:

The Divisional Executive 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 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 Divisional Executive 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 and the Fair Work (Registered Organisations) Regulations 2009; 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 the General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager; and
 - (vi) there has been compliance with any order for inspection of financial reports made by the Tribunal under section 273 of the Fair Work (Registered Organisations) Act 2009.

**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

DIVISIONAL EXECUTIVE 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 caused the auditor to include in the scope of the audit required under subsection 257(1) of the Fair Work (Registered Organisations) Act 2009 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.



Jane Calvert – National Divisional President



Michael O'Connor – National Divisional Secretary

Melbourne: 23 August 2011

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION

We have audited the accompanying financial report of Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division (the reporting unit), which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the committee of management's declaration of the reporting unit during the financial year.

Committee of management's responsibility for the financial report

The reporting unit's committee of management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation 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.

INDEPENDENT AUDITOR'S REPORT continued

**TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION**

Independence

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

Basis for Qualified Audit Opinion

Included in the statement of financial position are amounts owing from a related entity debtor of \$2,861,277. We have been unable to satisfy ourselves regarding the accuracy of the amount or its recoverability as financial records and statements for this debtor are not available for our examination.

Qualified Auditor's Opinion

In our opinion, except for the effects of such adjustments if any as might have been determined to be necessary had we been able to satisfy ourselves on the sundry debtor of \$2,861,277 referred to above, the general purpose financial report of the reporting unit:

- (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 Fair Work (Registered Organisations) Act 2009, including:
 - (i) presenting fairly the reporting unit's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and 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 the General Manager of 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

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

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

Melbourne: 23 August 2011