FAIR WORK COMMISSION

2 July 2013

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,

RE: Lodgement of financial accounts and statements - Construction, Forestry, Mining and Energy Union - Forestry, Furnishing, Building Products and Manufacturing Division - for year ending 31 December 2012 (FR2012/538)

I refer to the above financial accounts and statements lodged with the Fair Work Commission on 28 June 2013.

The documents have been filed.

Yours faithfully,

Stephen Kellett
Regulatory Compliance Branch

Terrace Towers
80 William Street
East Sydney NSW 2011

Telephone: (02) 8374 6666
International: (612) 8374 6666
Facsimile: (02) 9380 6990
Email: sydney@fwc.gov.au

From: KELLETT, Stephen
To: "Barry Disken"
Subject: Attention Mr Michael O"Connor - Financial statements (FFPD) - filing
Date: Tuesday, 2 July 2013 2:01:00 PM
Attachments: CFMEU FFPD FR2012 538 (final).pdf

Dear Barry,

Please see attached my letter in relation to the above.

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
FAIR WORK COMMISSION

80 William Street
EAST SYDNEY NSW 2011

(ph) (02) 6723 7237
(email) stephen.kellett@fwc.gov.au

From:	Barry Disken
To:	KELLETT, Stephen
Subject:	Financial Report CFMEU FFPD
Date:	Friday, 28 June 2013 4:30:56 PM
Attachments:	img-628162145-0001.pdf

Hi Stephen,
Copy of signed audited Financial Report of CFMEU FFPD for year ended 31 December 2012.

Also copy of signed Certificate by Secretary or Prescribed Designated Officer.

Kind Regards
BARRY DISKEN
Financial Controller
CFMEU - Forestry & Furnishing Products Division

Address:
148-152 Miller Street, West Melbourne VIC 3003
Tel: (03) 9274 9200
Fax: (03) 9274 9284
Email: bdisken@cfmeuffpd.org

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 2012.

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

- were subsequently presented to a meeting in accordance with section 266, being a meeting of committee of management held on 19 June 2013.

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

Date 28 June 2013

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

CONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

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

OPERATING REPORT

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009 ("Act") the Committee of Management (here and thereafter referred to as the Divisional Executive) present their Operating Report on the Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division and controlled entity ("the Union"), the relevant Reporting Unit for the financial year ended 31 December 2012.

Principal Activities

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

- Implementation of the decisions of the Divisional Executive and National Conference.
- Implementation of the reporting unit'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.

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 $464,836 (2011: $4,739). No provision for tax was necessary as the Union is exempt from income tax.

Significant change in Financial Affairs

In 2012 the union underwent a restructure, reflected in a set of 2012 Rule changes that were certified by the General Manager Fair Work Australia on 15 August 2012.

The amendments made to the Rules provided for a substantial restructure of the Division including the abolition of Divisional Branches and the restructure of Districts, and creation of new Offices and various other additions, amendments, rescissions and other alterations.

On 15 August 2012 the General Manager Fair Work Australia certified that the organisation be divided into reporting units on an alternative basis; from the 1 January 2013 the whole Division shall constitute the reporting unit on an alternative basis and the Divisional Secretary shall be the designated officer for the Division.

Rights of Members

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

OPERATING REPORT continued

Rights of Members continued

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.

Superannuation Officeholders

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

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

David Kirner is a FFPD National Trustee of the Union, and Director of the Superannuation Trustee Company:
- FIRST Superannuation Pty Ltd
- BIRST

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

Kevin Millie is a member of the Union and is a 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.

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

(a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for Section 230 of the Act and who are taken to be members of the Union under section 244 of the Act was 6,363 (2011: 7,121).

OPERATING REPORT continued

Other Prescribed Information continued

(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	FFPD National President
Alex Millar	FFPD National Senior Vice President (until 31 December 2012) National Assistant Secretary (from 1 January 2013)
Craig Smith	FFPD National Vice President (until 31 December 2012) National Senior Vice President (from 1 January 2013)
Frank Vari	FFPD National Vice President (until 31 December 2012) National Assistant Secretary (from 1 January 2013)
Michael O'Connor	FFPD National Secretary
Leo Skourdourmbis	FFPD National Assistant Secretary (until 31 December 2012) National Senior Assistant Secretary (from 1 January 2013)
Kenneth Fraser	FFPD National Trustee (until 31 December 2012) National Executive Member (from 1 January 2013)
David Kirner	FFPD National Trustee (until 31 December 2012) National Vice President (from 1 January 2013)
Bradley Coates	FFPD National Executive Member (until 31 December 2012) National Vice President (from 1 January 2013)
Damian Cooke	FFPD National Executive Member
Kim Mason	FFPD National Executive Member
Cliff Palmer	FFPD National Executive Member
Andrew Vendramini	FFPD National Executive Member (from 1 January 2013)
Denise Campbell Burns	FFPD National Executive Member (from 1 January 2013)
Scott McLean	FFPD National Executive Member (from 1 January 2013)
Terry Bennier	FFPD National Executive Member (from 1 January 2013)
Phil Davies	FFPD National Executive Member (from 1 January 2013)

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:

For Divisional Executive:

Jane Calvert – FFPD National President

Michael O'Connor – FFPD National Secretary

Melbourne: 27 March 2013

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
Revenue	3	6,994,926	6,932,570	6,994,647	6,789,798
Administration expense	4	(1,625,938)	(1,137,774)	(1,621,742)	(1,129,276)
Affiliation fees, compulsory levies and sustentation fees	4	(289,340)	(266,366)	(289,340)	(266,366)
Bad Debts		-	674	-	674
Depreciation expense	4	(262,746)	(210,992)	(187,288)	(158,028)
Employee benefits expense	4	(3,959,141)	(3,996,488)	(3,959,141)	(3,996,488)
Doubtful debts provision		-	-	-	(64,140)
Interest paid		(21,462)	(32,870)	(13,500)	(22,500)
Loss on sale of fixed assets		(30,841)	(6,850)	(30,841)	(659)
Motor vehicle expense		(345,378)	(372,539)	(345,378)	(372,539)
Occupancy expense		(247,058)	(255,430)	(229,194)	(218,731)
Provision for impairment		-	-	(105,201)	92,190
Telephone and facsimile expense		(128,193)	(132,125)	(128,193)	(132,125)
Travel expense		(549,665)	(526,549)	(549,665)	(526,549)
Loss before income tax expense		(464,836)	(4,739)	(464,836)	(4,739)
Income tax expense	1(b)	-	-	-	-
Net loss attributable to union		(464,836)	(4,739)	(464,836)	(4,739)
Other comprehensive income				-	-
Total comprehensive income		(464,836)	(4,739)	(464,836)	(4,739)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	Consolidated Group		Parent Entity	
		2012	2011	2012	2011
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	5	3,660,051	3,608,726	3,650,881	3,605,807
Trade and other receivables	6	164,734	320,983	164,734	319,758
Other assets	7	106,145	60,312	106,145	60,312
TOTAL CURRENT ASSETS		3,930,930	3,990,021	3,921,760	3,985,877
NON-CURRENT ASSETS					
Trade and other receivables	6	-	-	2,531,219	2,633,820
Property, plant and equipment	9	3,753,008	3,729,561	983,488	896,143
Financial assets	8	135,915	133,911	127,776	126,900
TOTAL NON-CURRENT ASSETS		3,888,923	3,863,472	3,642,483	3,656,863
TOTAL ASSETS		7,819,853	7,853,493	7,564,243	7,642,740
CURRENT LIABILITIES					
Trade and other payables	10	1,407,922	1,193,127	1,397,312	1,227,374
Short term provisions	11	1,161,592	1,031,479	1,161,592	1,031,479
TOTAL CURRENT LIABILITIES		2,569,514	2,224,606	2,558,904	2,258,853
NON-CURRENT LIABILITIES					
Long term provisions	11	273,345	187,057	273,345	187,057
Trade and other payables	12	695,000	695,000	450,000	450,000
TOTAL NON-CURRENT LIABILITIES		968,345	882,057	723,345	637,057
TOTAL LIABILITIES		3,537,859	3,106,663	3,282,249	2,895,910
NET ASSETS		4,281,994	4,746,830	4,281,994	4,746,830
EQUITY					
Retained earnings		4,281,994	4,746,830	4,281,994	4,746,830
TOTAL EQUITY		4,281,994	4,746,830	4,281,994	4,746,830

The accompanying notes form part of these financial statements.

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

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

	Note	PPW Support Fund $	Retained earnings $	Total $
CONSOLIDATED GROUP				
Balance at 1 January 2011		1,846,925	2,904,644	4,751,569
Loss attributable to union		-	(4,739)	(4,739)
Transfer to PPW Support Fund		248,169	(248,169)	-
Balance at 31 December 2011		2,095,094	2,651,736	4,746,830
Loss attributable to union		-	(464,836)	(464,836)
Transfer to PPW Support Fund		31,968	(31,968)	-
Balance at 31 December 2012		2,127,062	2,154,932	4,281,994
PARENT ENTITY				
Balance at 1 January 2011		1,846,925	2,904,644	4,751,569
Loss attributable to union		-	(4,739)	(4,739)
Transfer to PPW Support Fund		248,169	(248,169)	-
Balance at 31 December 2011		2,095,094	2,651,736	4,746,830
Loss attributable to union		-	(464,836)	(464,836)
Transfer to PPW Support Fund		31,968	(31,968)	-
Balance at 31 December 2012	13	2,127,062	2,154,932	4,281,994

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Consolidated Group		Parent Entity	
		2012	2011	2012	2011
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Memberships & levies		4,021,546	3,885,600	4,021,546	3,893,625
Interest received		149,210	154,882	149,100	154,880
Other income received		3,812,834	3,575,319	3,812,665	3,416,513
Payments to suppliers and employees		(7,614,104)	(7,662,682)	(7,630,164)	(7,626,825)
Net cash provided by/ (used in) operating activities	15a	369,486	(46,881)	353,147	(161,807)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(373,533)	(254,943)	(361,973)	(251,273)
Proceeds from disposal of property, plant & equipment		56,500	9,819	56,500	9,819
Payments for Financial Assets		(1.128)	(5,214)	-	(3,563)
Net Cash used in investing activities		(318,161)	(250,338)	(305,473)	(245,017)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans to related parties					
- Proceeds from repayments		-	-	-	126,557
- Payments made on behalf of related party		-	-	(2,600)	-
Net Cash provided by/ (used in) financing activities		-	-	(2,600)	126,557
Net increase/(decrease) in cash held		51,325	(297,219)	45,074	(280,267)
Cash and cash equivalents at beginning of financial year		3,608,726	3,905,945	3,605,807	3,886,074
Cash and cash equivalents at end of financial year	5	3,660,051	3,608,726	3,650,881	3,605,807

The accompanying notes form part of these financial statements.

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

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

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

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division and controlled entity and the separate financial statements and notes of Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division as an individual parent entity ('Parent Entity').

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 consolidated group is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

a. **Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division at the end of the reporting period. A controlled entity is any entity over which Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 8 to the financial statements.

In preparing the consolidated financial statements, all inter-entity balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlled interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. **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.

c. **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.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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 consolidated group 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

c. **Property, Plant and Equipment continued**

Depreciation
The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

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

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.

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

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

e. **Financial Instruments**

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

e. **Financial Instruments continued**

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

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

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

(ii) *Loans and receivables*

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

(iii) *Held-to-maturity investments*

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

(iv) *Available-for-sale investments*

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

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

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

(v) *Financial liabilities*

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

e. Financial Instruments continued

Impairment
At the end of each reporting period, the consolidated group 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 consolidated group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

e. **Financial Instruments continued**

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the consolidated group 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 consolidated group 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.

f. **Impairment of Assets**

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

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

g. **Employee Benefits**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

h. **Provisions**

Provisions are recognised when the consolidated group 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.

i. **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.

j. **Revenue and Other Income**

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

Revenue from membership subscriptions is recognised on a cash basis.

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

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

k. **Trade and Other Receivables**

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

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

l. **Trade and Other Payables**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

m. **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.

n. **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 Group 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.

o. **Critical Accounting Estimates and Judgments**

The Divisional Executive evaluates 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 consolidated group.

Key estimates

(i) *Impairment – general*

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

Key judgements

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

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

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

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

The key changes made to accounting requirements include:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

p. New Accounting Standards for Application in Future Periods continued

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

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

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

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

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

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

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

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

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and

- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the consolidated group.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

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

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

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

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

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

AASB 119 (September 2011) also includes changes to:

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

p. New Accounting Standards for Application in Future Periods

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

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

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

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

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

  - AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;

  - AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;

  - AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;

  - AASB 132 and Interpretation 2: Members' shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and

  - AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

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

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

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

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

2. The application must be in writing and specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the entity.

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

	Consolidated Group		Parent Entity	
	2012	2011	2012	2011
	$	$	$	$
NOTE 3: REVENUE				
Operating activities				
Membership dues received	3,056,020	3,378,439	3,056,020	3,378,439
Sustentation fees:				
- Victoria FFTS Branch	282,742	258,979	282,742	258,979
- WA/NT/Qld District	10,892	54,189	10,892	54,189
Support Fund Levy: Pulp and Paper Workers' Branch	139,591	154,426	139,591	154,426
Directors fees				
- BIRST	11,500	10,500	11,500	10,500
- FIRST Superannuation Pty Ltd	232,600	217,775	232,600	217,775
- Other	77,250	97,250	77,250	97,250
Consultancy fees	360,495	334,673	360,495	334,673
Coordinator fees	1,463,615	1,339,927	1,463,615	1,339,927
Training Income	68,533	43,505	68,533	43,505
Sponsorship Income	10,500	23,023	10,500	23,023
Contributions – OHS & E	228,744	229,436	228,744	229,436
Contributions – Industry Skills Development	123,760	112,000	123,760	112,000
Conference registrations	-	70,346	-	70,346
Unrealised Gain (Loss) on Investments	876	(544)	876	(544)
Dividends received	256	276	87	82
Representation fees	107,597	105,152	107,597	105,152
Interest received	160,441	154,666	160,331	154,664
CFMEU National Campaign	400,000	-	400,000	-
Transfer of employee entitlements	32,259	-	32,259	-

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

	Consolidated Group		Parent Entity	
	2012	2011	2012	2011
	$	$	$	$
NOTE 3: REVENUE continued				
Operating activities continued				
Rent received	112,122	49,983	112,122	49,983
Insurance Proceeds - Floods	-	142,576	-	-
Other income	115,133	155,993	115,133	155,993
Total revenue	6,994,926	6,932,570	6,994,647	6,789,798

NOTE 4: LOSS FOR YEAR

Loss before income tax expense has been determined after:

EXPENSES

	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
Administration expense				
Accounting fees	8,656	3,357	6,486	1,773
Bank charges	8,711	8,864	8,585	8,803
Campaign expenses	656,946	144,415	656,946	144,415
Child Labour Support Campaign	4,221	5,080	4,221	5,080
Computer expenses	92,781	141,836	92,781	141,836
Conference expenses	84,574	93,776	84,574	93,776
Consultancy expenses	111,282	85,859	111,282	85,859
Donations:				
Meatworkers Union of New Zealand	5,000	-	5,000	-
Maritime Union of New Zealand	5,000	-	5,000	-
Thailand Delegate to attend World Pulp and Paper Industry Conference in Stockholm	2,238	-	2,238	-
ALP Candidate for BASS - Scott McLean	-	1,564	-	1,564
Other donations	1,530	1,500	1,530	1,500
Honoraria	29,850	36,025	29,850	36,025
Insurance	67,690	57,724	67,690	57,724
Late fee paid (refunded)	(2,200)	2,200	-	-
Legal expenses	70,286	106,500	70,286	106,500
Meeting expenses	77,388	68,970	77,388	68,970
Member benefits	14,415	12,487	14,415	12,487
Membership system expenses	61,529	58,283	61,529	58,283
Postage and freight	23,718	22,304	23,718	22,304
Printing and stationery	66,269	46,439	66,269	46,439
Promotional material	53,963	48,055	53,963	48,055

	Consolidated Group		Parent Entity	
	2012	2011	2012	2011
	$	$	$	$
NOTE 4: LOSS FOR YEAR continued				
EXPENSES continued				
Administration expense continued				
Publications and subscriptions	54,107	36,625	54,107	36,407
Repairs and maintenance	2,977	1,601	2,977	1,866
Security	4,657	3,841	4,657	3,841
Staff expenses	10,373	9,899	10,373	9,899
Sundry expenses	1,559	2,459	1,559	2,459
Remuneration of auditor				
- audit (current year)	26,950	23,200	22,850	18,500
- audit (previous years)	-	24,500	-	24,500
Training:				
- Employees	14,064	8,892	14,064	8,892
- Members & other	67,404	81,519	67,404	81,519
	1,625,938	1,137,774	1,621,742	1,129,276
Affiliation fees, compulsory levies and Sustentation fees				
Affiliation fees:				
- Australian Labour Party				
- South Australia	8,316	8,826	8,316	8,826
- Tasmania	1,938	2,478	1,938	2,478
- Victoria	45,888	46,778	45,888	46,778
- New South Wales	7,909	6,867	7,909	6,867
- Ballarat Trades Hall Council	1,216	1,216	1,216	1,216
- Geelong Trades Hall Council	336	328	336	328
- NSW Labour Council	9,227	5,387	9,227	5,387
- S A Unions	14,694	8,350	14,694	8,350
- Unions WA	1,055	878	1,055	878
- South West T&LC	187	38	187	38
- Victorian Trades Hall Council	13,460	12,828	13,460	12,828
- International Federation of Chemical, Energy, Mine & General Workers' Union	5,568	7,015	5,568	7,015
- Other	682	655	682	655
Compulsory levies:				
- Victorian Trades Hall Council				
- Campaign levy	1,387	1,319	1,387	1,319
- Women's levy	766	733	766	733
- Young unionists levy	766	620	766	620
- S A Unions	-	7,350	-	7,350
- Australian Council of Trade Unions	28,706	-	28,706	-
- NSW Unions	2,261	-	2,261	-
Sustentation fees:				
- CFMEU National Office	144,978	154,700	144,978	154,700
	289,340	266,366	289,340	266,366

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

	Consolidated Group		Parent Entity	
	2012	2011	2012	2011
	$	$	$	$
NOTE 4: LOSS FOR YEAR continued				
EXPENSES continued				
Depreciation expense				
Motor vehicles	151,552	130,067	151,552	128,430
Furniture, fittings and equipment	7,487	7,313	6,081	5,614
Buildings & Building Improvements	72,411	48,550	2,069	2,069
Office equipment	31,296	25,062	27,586	21,915
	262,746	210,992	187,288	158,028
Employee benefit expense				
Salaries				
- elected officials	506,047	537,668	506,047	537,668
- employees	2,565,971	2,334,916	2,565,971	2,334,916
Superannuation				
- elected officials	88,943	97,075	88,943	97,075
- employees	321,898	287,527	321,898	287,527
Provision for annual leave				
- elected officials	2,949	(23,206)	2,949	(23,206)
- employees	72,437	37,705	72,437	37,705
Provision for long service leave				
- elected officials	15,851	(35,188)	15,851	(35,188)
- employees	86,479	52,285	86,479	52,285
Provision for personal leave				
- elected officials	6,677	(36,579)	6,677	(36,579)
- employees	22,591	13,545	22,591	13,545
Provision for RDO				
- elected officials	6,750	(20,280)	6,750	(20,280)
- employees	1,888	11,060	1,888	11,060
Provision for severance:				
- elected officials	779	734	779	734
- employees	-	-	-	-
Termination payments:				
- elected officials	-	294,898	-	294,898
- employees	4,789	99,434	4,789	99,434
Transfer of employee entitlements	-	82,733	-	82,733
Fringe benefits tax	45,343	51,970	45,343	51,970
Payroll tax	175,682	176,801	175,682	176,801
Workcover	34,067	33,390	34,067	33,390
	3,959,141	3,996,488	3,959,141	3,996,488

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

	Consolidated Group		Parent Entity	
	2012	2011	2012	2011
	$	$	$	$

NOTE 5: CASH AND CASH EQUIVALENTS

	2012 $ (Consolidated)	2011 $ (Consolidated)	2012 $ (Parent)	2011 $ (Parent)
Cash at bank	3,657,770	3,606,446	3,648,601	3,603,527
Cash on hand	2,281	2,280	2,280	2,280
	3,660,051	3,608,726	3,650,881	3,605,807

NOTE 6: TRADE AND OTHER RECEIVABLES

	2012 $ (Consolidated)	2011 $ (Consolidated)	2012 $ (Parent)	2011 $ (Parent)
CURRENT				
Trade Receivables	23,990	177,178	23,990	177,178
Accrued Income	22,094	10,863	22,094	10,863
Other Receivables	118,650	132,942	118,650	131,717
	164,734	320,983	164,734	319,758
NON-CURRENT				
Loan to A.C.N. 117 909 127 Pty Ltd	-	-	3,071,708	3,069,108
Provision for impairment	-	-	(540,489)	(435,288)
	-	-	2,531,219	2,633,820

a. **Provision for impairment of receivables**
Movement in the provision for impairment of receivables is as follows:

	Consolidated Group		Parent Entity	
	Non-current	Current	Non-Current	Current
	$	$	$	$
Provision for impairment as at 1 January 2011	-	741	527,478	741
- Reversal	-	(741)	(92,190)	(741)
Provision for impairment as at 31 December 2011	-	-	435,288	-
- Additional provision	-	-	105,201	-
Provision for impairment as at 31 December 2012	-	-	540,489	-

NOTE 6: TRADE AND OTHER RECEIVABLES continued

Credit risk
The consolidated group 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 consolidated group is considered to relate to the class of assets described as "trade and other receivables".

The following table details the consolidated group'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 consolidated group 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 consolidated group.

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	
	$	$	$	$	$	$	$
2012							
Trade receivables	23,990	-	-	3,222	-	2,531	18,237
Other receivables	140,744	-	-	-	-	-	140,744
Total	164,734	-	-	3,222	-	2,531	158,981
2011							
Trade receivables	177,178	-	-	3,465	13,956	17,012	142,745
Other receivables	143,805	-	-	-	-	-	143,805
Total	320,983	-	-	3,465	13,956	17,012	286,550

b. **Financial assets classified as loans and receivables**
The consolidated group does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

c. **Collateral pledged**
No collateral is held over trade and other receivables.

	Consolidated Group		Parent Entity	
	2012	2011	2012	2011
	$	$	$	$

NOTE 7: OTHER CURRENT ASSETS

CURRENT				
Prepayments	106,145	60,312	106,145	60,312

NOTE 8: FINANCIAL ASSETS

NON-CURRENT				
Shares in listed public companies (at market value)	10,568	8,564	2,429	1,553
Shares in unlisted companies (at cost)	2	2	2	2
Equity Partner - NLDA	125,345	125,345	125,345	125,345
Total non-current assets	135,915	133,911	127,776	126,900
a. **Available-for-sale financial assets**				
Listed investments, at fair value:				
– shares in listed corporations	10,568	8,564	2,429	1,553
Unlisted investments, at fair value	2	2	2	2
Equity Partner - NLDA	125,345	125,345	125,345	125,345
Total available-for-sale financial assets	135,915	133,911	127,776	126,900

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments. No intention to dispose of any unlisted available-for-sale financial assets existed at 31 December 2012.

b. Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division controls 100% of A.C.N. 117 909 127 Pty Ltd.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
Land:				
At cost	1,119,584	1,119,584	14,000	14,000
Buildings:				
At cost	1,053,815	1,053,815	103,453	103,453
Accumulated depreciation	(147,036)	(109,329)	(29,311)	(27,242)
	906,779	944,486	74,142	76,211
Building Improvements:				
At cost	927,845	916,286	-	-
Accumulated depreciation	(124,858)	(90,154)	-	-
	802,987	826,132	-	-
Office equipment:				
At cost	315,506	453,825	275,983	414,302
Accumulated depreciation	(204,810)	(338,976)	(188,581)	(326,456)
	110,696	114,849	87,402	87,846
Furniture, fittings and equipment:				
At cost	130,287	165,677	116,258	151,648
Accumulated depreciation	(87,093)	(125,261)	(78,082)	(117,656)
	43,194	40,416	38,176	33,992
Motor Vehicles:				
At cost	1,193,648	1,043,882	1,193,648	1,043,882
Accumulated depreciation	(423,880)	(359,788)	(423,880)	(359,788)
	769,768	684,094	769,768	684,094
Total property, plant and equipment	3,753,008	3,729,561	983,488	896,143

NOTE 9: PROPERTY, PLANT AND EQUIPMENT continued

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.

	Land & Buildings $	Building Improve-ments $	Office Equipment $	Motor Vehicles $	Furniture Fittings & Equipment $	TOTAL $
Consolidated Group						
Balance at 1 January 2011	2,089,898	845,139	80,684	642,850	43,708	3,702,279
Additions	-	3,715	59,227	187,980	4,021	254,943
Disposals – written-down value	-	-	-	(16,669)	-	(16,669)
Depreciation expense	(25,828)	(22,722)	(25,062)	(130,067)	(7,313)	(210,992)
Carrying amount at 31 December 2011	2,064,070	826,132	114,849	684,094	40,416	3,729,561
Additions	-	11,559	27,861	322,815	11,298	373,533
Disposals – written-down value	-	-	(719)	(85,589)	(1,032)	(87,340)
Depreciation expense	(37,707)	(34,704)	(31,295)	(151,552)	(7,488)	(262,746)
Carrying amount at 31 December 2012	2,026,363	802,987	110,696	769,768	43,194	3,753,008
Parent Entity						
Balance at 1 January 2011	92,280	-	50,536	634,975	35,585	813,376
Additions	-	-	59,225	188,027	4,021	251,273
Disposals – written-down value	-	-	-	(10,478)	-	(10,478)
Depreciation expense	(2,069)	-	(21,915)	(128,430)	(5,614)	(158,028)
Carrying amount at 31 December 2011	90,211	-	87,846	684,094	33,992	896,143
Additions	-	-	27,861	322,815	11,297	361,973
Disposals – written-down value	-	-	(719)	(85,589)	(1,032)	(87,340)
Depreciation expense	(2,069)	-	(27,586)	(151,552)	(6,081)	(187,288)
Carrying amount at 31 December 2012	88,142	-	87,402	769,768	38,176	983,488

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
Trade creditors & accruals	356,528	420,596	356,528	476,203
Sundry creditors	667,781	529,237	658,815	515,008
John Curtin Fund	271,411	183,131	271,411	183,131
Relief funds held in trust	12,891	12,891	12,891	12,891
Levy Balances Payable to Members	-	5,374	-	5,374
SA District Trust Account	317	42,591	317	42,591
GST liability	98,994	(693)	97,350	(7,824)
	1,407,922	1,193,127	1,397,312	1,227,374

NOTE 11: PROVISIONS

	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
CURRENT				
Employee benefits:				
Annual leave				
- elected officials	104,880	101,931	104,880	101,931
- employees	386,424	313,986	386,424	313,986
Long service leave				
- elected officials	127,169	113,198	127,169	113,198
- employees	199,787	197,718	199,787	197,718
Severance leave				
- elected officials	26,362	25,583	26,362	25,583
- employees	-	-	-	-
Personal leave				
- elected officials	45,069	38,392	45,069	38,392
- employees	184,020	161,428	184,020	161,428
RDO Leave				
- elected officials	28,138	21,388	28,138	21,388
- employees	59,743	57,855	59,743	57,855
Total Current Provisions	1,161,592	1,031,479	1,161,592	1,031,479
NON CURRENT				
Long Service Leave				
- elected officials	4,442	2,562	4,442	2,562
- employees	268,903	184,495	268,903	184,495
Total Non-current Provisions	273,345	187,057	273,345	187,057
Total Provisions	1,434,937	1,218,536	1,434,937	1,218,536
Number of Employees at year end	43	41	43	41

NOTE 11: PROVISIONS continued

	Annual Leave $	Long Service Leave $	Personal Leave $	Rostered Days-Off $
Analysis of provisions:				
Opening balance at 1 January 2012	415,917	497,973	199,820	79,243
Additional provision raised during the year	312,721	118,724	132,864	137,710
Amounts used	(237,335)	(16,396)	(103,595)	(129,071)
Balance at 31 December 2012	491,303	600,301	229,089	87,882

	Severance Leave $	Total $
Opening balance at 1 January 2012	25,583	1,218,536
Additional provision raised during the year	779	702,798
Amounts used	-	(486,397)
Balance at 31 December 2012	26,362	1,434,937

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the consolidated group 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 consolidated group does not have an unconditional right to defer the settlement of these amounts in the event of employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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).

	Consolidated Group		**Parent Entity**	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
NOTE 12: BORROWINGS				
NON CURRENT				
John Curtin Fund - Unsecured	695,000	695,000	450,000	450,000

	Consolidated Group		Parent Entity	
	2012	2011	2012	2011
	$	$	$	$
NOTE 13: PULP AND PAPER WORKERS' SUPPORT FUND				
Balance at 1 January 2012	2,095,094	1,846,925	2,095,094	1,846,925
Income				
Contributions	139,591	154,427	139,591	154,427
Interest received	108,203	104,414	108,203	104,414
Expenditure				
Campaign expenses	(200,000)	-	(200,000)	-
Donations	(10,000)	-	(10,000)	-
Legal expenses	(4,791)	(10,790)	(4,791)	(10,790)
Meeting expenses	(1,035)		(1,035)	
Reversal of Provision for Doubtful Debts	-	118	-	118
Balance at 31 December 2012	2,127,062	2,095,094	2,127,062	2,095,094

NOTE 14: CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments
Non-cancellable operating leases contracted for but not recognised in the financial statements

Due not later than 12 months	36,194	88,162	36,194	88,162
Due later than 12 months but not later than 5 years	-	35,140	-	35,140

NOTE 15: CASH FLOW INFORMATION

	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
a. Reconciliation of cash flow from operations with loss after income tax				
(Loss) after income tax	(464,836)	(4,739)	(464,836)	(4,739)
Non-cash flows in profit:				
- Depreciation	262,746	210,992	187,288	158,028
- Loss on disposal of fixed assets	30,841	6,850	30,841	659
- Provision for impairment	-	-	105,201	(92,190)
- Unrealised gain on investments	(876)		(876)	-
Changes in Assets and Liabilities				
(Increase)/decrease in current receivables	156,248	(235,433)	155,024	(228,497)
(Increase)/decrease in prepayments	(45,833)	2,672	(45,833)	(7,405)
Increase/(decrease) in provision for employee entitlements	216,401	76	216,401	76
Increase/(Decrease) in payables	214,795	(27,299)	169,937	12,261
Net cash provided by / (used in) operating activities	369,486	(46,881)	353,147	(161,807)

NOTE 16: EVENTS AFTER THE REPORTING PERIOD

In 2012 the union underwent a restructure, reflected in a set of 2012 Rule changes that were certified by the General Manager Fair Work Australia on 15 August 2012.

The amendments made to the Rules provided for a substantial restructure of the Division including the abolition of Divisional Branches and the restructure of Districts, and creation of new Offices and various other additions, amendments, rescissions and other alterations.

On 15 August 2012 the General Manager Fair Work Australia certified that the organisation be divided into reporting units on an alternative basis; from the 1 January 2013 the whole Division shall constitute the reporting unit on an alternative basis and the Divisional Secretary shall be the designated officer for the Division.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION AND RELATED PARTY TRANSACTIONS

The names of Divisional Executive of the consolidated group who have held office during the financial year are:

Name of member	Position
Jane Calvert	FFPD National President
Alex Millar	FFPD National Senior Vice President (until 31 December 2012) National Assistant Secretary (from 1 January 2013)
Craig Smith	FFPD National Vice President (until 31 December 2012) National Senior Vice President (from 1 January 2013)
Frank Vari	FFPD National Vice President (until 31 December 2012) National Assistant Secretary (from 1 January 2013)
Michael O'Connor	FFPD National Secretary
Leo Skourdourmbis	FFPD National Assistant Secretary (until 31 December 2012) National Senior Assistant Secretary (from 1 January 2013)
Kenneth Fraser	FFPD National Trustee (until 31 December 2012) National Executive Member (from 1 January 2013)
David Kirner	FFPD National Trustee (until 31 December 2012) National Vice President (from 1 January 2013)
Bradley Coates	FFPD National Executive Member (until 31 December 2012) National Vice President (from 1 January 2013)
Damian Cooke	FFPD National Executive Member
Kim Mason	FFPD National Executive Member
Cliff Palmer	FFPD National Executive Member
Andrew Vendramini	FFPD National Executive Member (from 1 January 2013)
Denise Campbell Burns	FFPD National Executive Member (from 1 January 2013)
Scott McLean	FFPD National Executive Member (from 1 January 2013)
Terry Bennier	FFPD National Executive Member (from 1 January 2013)
Phil Davies	FFPD National Executive Member (from 1 January 2013)

a. The aggregate amount of remuneration paid to elected officials (former) during the financial year for salaries was $506,047 (2011: $832,566).

   The aggregate amount paid during the financial year to a superannuation plan in connection with the retirement of elected officials was $88,943 (2011: $97,075).

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

c. No officer has received any remuneration because the officer is a member of a board 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 branch.

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 branch.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION AND RELATED PARTY TRANSACTIONS continued

f. Apart from the above, there were no other transactions between the officers of the consolidated group other than those relating to their membership of the consolidated group and reimbursement by the consolidated group 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 18: ECONOMIC DEPENDENCE

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

NOTE 19: SEGMENT REPORTING

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

NOTE 20: FINANCIAL RISK MANAGEMENT

The consolidated group'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:

	Consolidated Group		Parent Entity	
	2012	2011	2012	2011
	$	$	$	$
Financial assets				
Cash and cash equivalents	3,660,051	3,608,726	3,650,881	3,605,807
Loans and receivables	164,734	320,983	2,695,953	2,953,578
Available for sale financial assets:				
- Equity investments	135,915	133,911	127,776	126,900
Total financial assets	3,960,700	4,063,620	6,474,610	6,686,285
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade and other payables	1,407,922	1,193,127	1,397,312	1,227,374
- Borrowings	695,000	695,000	450,000	450,000
Total financial liabilities	2,102,922	1,888,127	1,847,312	1,677,374

NOTE 20: FINANCIAL RISK MANAGEMENT continued

Financial Risk Management Policies
The Divisional Executive's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Divisional Executive 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 consolidated group does not have any derivative instruments at 31 December 2012.

The Divisional Executive 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 Divisional Executive's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance.

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

Specific Financial Risk Exposures and Management
The main risks the consolidated group 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 consolidated group is exposed to, how these risks arise, or the Divisional Executive's objectives, policies and processes for managing or measuring the risks from the previous period.

a. **Credit risk**

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

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the consolidated group, credit terms are generally 14 to 30 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Divisional Executive has otherwise assessed as being financially sound. Where the consolidated group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

NOTE 20: FINANCIAL RISK MANAGEMENT continued

Credit risk exposures

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

The consolidated group 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 consolidated group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated group 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.

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

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 20: FINANCIAL RISK MANAGEMENT continued

	Within 1 Year $	1 to 5 Years $	Over 5 Years $	Total $
Consolidated				
2012				
Financial Assets				
Cash and cash equivalents	3,660,051	-	-	3,660,051
Receivables	164,734	-	-	164,734
Total anticipated inflows	3,824,785	-	-	3,824,785
Financial Liabilities				
Trade and other payables	1,407,922	695,000	-	2,102,922
Total expected outflows	1,407,922	695,000	-	2,102,922
Net inflow/(outflow) on financial instruments	2,416,863	(695,000)	-	1,721,863
2011				
Financial Assets				
Cash and cash equivalents	3,608,726	-	-	3,608,726
Receivables	320,983	-	-	320,983
Total anticipated inflows	3,929,709	-	-	3,929,709
Financial Liabilities				
Trade and other payables	1,193,127	695,000	-	1,888,127
Total expected outflows	1,193,127	695,000	-	1,888,127
Net inflow/(outflow) on financial instruments	2,736,582	(695,000)	-	2,041,582

NOTE 20: FINANCIAL RISK MANAGEMENT continued

	Within 1 Year $	1 to 5 Years $	Over 5 Years $	Total $
Parent Entity				
2012				
Financial Assets				
Cash and cash equivalents	3,650,881	-	-	3,650,881
Receivables	164,734	2,531,219	-	2,695,953
Total anticipated inflows	3,815,615	2,531,219	-	6,346,834
Financial Liabilities				
Trade and other payables	1,397,312	450,000	-	1,847,312
Total expected outflows	1,397,312	450,000	-	1,847,312
Net inflow/(outflow) on financial instruments	2,418,303	2,081,219	-	4,499,522
2011				
Financial Assets				
Cash and cash equivalents	3,605,807	-	-	3,605,807
Receivables	319,758	2,633,820	-	2,953,578
Total anticipated inflows	3,925,565	2,633,820	-	6,559,385
Financial Liabilities				
Trade and other payables	1,227,374	450,000	-	1,677,374
Total expected outflows	1,227,374	450,000	-	1,677,374
Net inflow/(outflow) on financial instruments	2,698,191	2,183,820	-	4,882,011

Financial assets pledged as collateral
No financial assets have been pledged as collateral

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 or the fair value of fixed rate financial instruments. The consolidated group is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the consolidated group to interest rate risk are limited to borrowings, listed shares, and cash and cash equivalents.

NOTE 20: FINANCIAL RISK MANAGEMENT continued

c. **Market risk continued**

ii. *Other price risk*

Other 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 (other than those arising from interest rate risk or currency risk) of securities held.

Such risk is managed through diversification of investments across industries and geographic locations.

Sensitivity analysis

The following table illustrates sensitivities to the consolidated group's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values 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 $	Equity $
Consolidated Group:		
Year ended 31 December 2012		
+/-2% in interest rates	73,201	73,201
Year ended 31 December 2011		
+/-2% in interest rates	72,175	72,175
Parent Entity:		
Year ended 31 December 2012		
+/-2% in interest rates	73,018	73,018
Year ended 31 December 2011		
+/-2% in interest rates	72,116	72,116

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

NOTE 20: FINANCIAL RISK MANAGEMENT continued

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.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the consolidated group. Most of these instruments, which are carried at amortised cost (ie trade receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the consolidated group.

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

NOTE 21: CONSOLIDATED GROUP DETAILS

The registered office and principal place of business of the consolidated group is:

148-152 Miller Street
West Melbourne
Victoria 3003

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

DIVISIONAL EXECUTIVE CERTIFICATE

On 27 March 2013 the Divisional Executive of the Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division and controlled entity ("Union/Reporting Unit") passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2012:

The 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 Fair Work Commission (formerly known as Fair Work Australia);

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

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

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

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

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

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

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

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 Fair Work Commission (formerly known as Fair Work Australia); and

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

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

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

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

Signed in accordance with a resolution of the Divisional Executive:

Jane Calvert – FFPD National President

Michael O'Connor – FFPD National Secretary

Dated: 27 March 2013
Melbourne

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION AND CONTROLLED ENTITY

Report on the Financial Report

We have audited the accompanying financial report of Construction, Forestry, Mining and Energy Union Forestry, Furnishing, Building Products and Manufacturing Division and controlled entity, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the Divisional Executive's declaration of the consolidated group during the financial year.

Divisional Executive's Responsibility for the Financial Report

The consolidated group's Divisional Executive 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 Divisional Executive 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 Divisional Executive 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 consolidated group's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Divisional Executive, 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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Australia

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION FORESTRY, FURNISHING, BUILDING PRODUCTS AND MANUFACTURING DIVISION AND CONTROLLED ENTITY continued

Auditor's Opinion

In our opinion the financial report of the consolidated group:

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

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

MSI Ragg Weir

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: 27 March 2013

FAIR WORK COMMISSION

18 January 2013

Mr Michael O'Connor
National Secretary / Divisional Secretary
Construction, Forestry, Mining and Energy Union - FFPD No. 1 National Branch - The Forestry, Furnishing, Building Products and Manufacturing Division
Sent by fax: (03) 9274 9284

Dear Mr O'Connor,

Re: Lodgement of Financial Report - [FR2012/538]

Fair Work (Registered Organisations) Act 2009 (the RO Act)

The financial year of the Construction, Forestry, Mining and Energy Union - FFPD No. 1 National Branch - The Forestry, Furnishing, Building Products and Manufacturing Division (the reporting unit) ended on 31 December 2012.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date, namely 15 July 2013 (that is the period within 6 months and 14 days of the end of the financial year) under s.268 of the RO Act.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets regarding financial reporting under the RO Act are provided on the Fair Work Commission website at: Financial Reporting Fact Sheets.

The documents can be emailed to orgs@fwc.gov.au . If it is envisaged that the financial report cannot be lodged by the due date you are requested to contact this office prior to the due date to discuss the issue.

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to $33,000 for a body corporate and $6,600 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au .

Yours sincerely,

R. Pfeiffer

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		As soon as practicable after end of financial year
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement. (b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	/ /	
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	Within a reasonable time of having received the GPFR (NB: Auditor's report must be dated on or after date of Committee of Management Statement
Provide full report free of charge to members – s265 The full report includes: • the General Purpose Financial Report (which includes the Committee of Management Statement); • the Auditor's Report; and • the Operating Report.	/ /	*(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,* *or* *(b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.*
Present full report to: (a) General Meeting of Members - s266 (1),(2); OR	/ /	*Within 6 months of end of financial year*
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	*Within 6 months of end of financial year*
Lodge full report with the Fair Work Commission, together with the #Designated Officer's certificate++ – s268	/ /	*Within 14 days of meeting*

* *the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.*

\# *The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.*

++ *The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.*

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