



Australian Government
Australian Industrial Registry

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Ref: FR2005/561

Mr Trevor Melksham
Divisional Branch Secretary
CFMEU Construction & General Division
Brick, Tile, Pottery Construction Material & Related
Products Industry Divisional Branch
PO Box Q235 QVB Post Office
SYDNEY NSW 1230

Dear Mr Melksham

Financial Return - year ending 31 December, 2005

Our records show your organisation's financial year ended recently. This letter outlines some of the things you must do to meet your financial reporting obligations and when you have to do them. For simplicity, we will call the documents you have to lodge with us your *financial return*.

Legislation

This letter is intended as guide to the law applicable on the date of this letter and should not be used as a substitute for legal or accounting advice. We only summarise some of the reporting requirements in this letter. More detailed information is at the end of this letter.

In May 2003 the Industrial Registrar wrote to all organisations forwarding a number of facts sheets outlining the major changes made by Schedule 1B of the Workplace Relations Act 1996 ('RAO'¹). While the immediate changes affected the rules and elections in organisations, the changes affecting financial returns involve a longer lead time.

The key differences under the new legislation affecting financial returns are:

- a reduced financial reporting cycle (now maximum periods of 5 or 6 months depending on internal arrangements of organisation)
- a greater emphasis given to Australian Accounting Standards
- the introduction of a new report, known as an Operating Report (broadly similar in concept to a Director's Report under the corporations legislation)
- extensions of time are limited to one month
- restructured penalty provisions involving more extensive use of Civil Penalties
- the introduction of the Industrial Registrar's Reporting Guidelines
- organisations and their branches to report according to their financial structures, known as 'reporting units'.

We recommend you discuss the new requirements with your accountant or auditor.

¹ Registration and Accountability of Organisations Schedule (RAO) (Schedule 1B to the *Workplace Relations Act 1996*)

Reporting Unit

One of the new concepts of the RAO legislation is that reporting entities are known as "*reporting units*". Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation is divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will refer to your organisation as a reporting unit in this letter.

Industrial Registrar's Guidelines

The Industrial Registrar's reporting guidelines set out certain disclosure requirements in addition to those prescribed by Australian Accounting Standards having in mind the nature of organisations registered under the Workplace Relations Act.

The disclosure requirements prescribed by the reporting guidelines are directed towards providing members of the reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit. In addition, the reporting guidelines seek to improve the quality of information available to users of the financial report about the reporting unit's economic support of, or economic dependency on, other reporting units of the organisation.

Timeline Planner and Checklist

We have attached a Timeline/Planner (*Attachment A*) to help you **plan** your financial return and carry out all the necessary steps. We have also attached a Document Checklist (*Attachment B*) to **check** your documents before lodging them in the Registry. Both documents are abbreviated summaries of the relevant provisions of the RAO Schedule, RAO Regulations and the Industrial Registrar's Reporting Guidelines.

In the following section we describe some of the documents your reporting unit must prepare and the sequence of their preparation and completion.

Three Reports

Your reporting unit must prepare two reports as soon as practicable after its financial year, which, together with the Auditor's Report, comprise the reporting unit's financial return.

1. **General Purpose Financial Report** - this must comply with the Australian Accounting Standards and the Industrial Registrar's Reporting Guidelines. The GPFR consists of:

Financial Statements containing:

- a profit and loss statement, or other operating statement; and
- a balance sheet; and
- a statement of cash flows; and
- any other statements required by the Australian Accounting Standards; and

Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255); and

Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at Attachment C)

2. **Operating Report** - this report includes a review of your reporting unit's principal activities for the year and other specified information.

Your reporting unit must appoint an auditor to audit the GPFR and to provide:

3. an **Auditor's Report**.

First Meeting (Committee of Management)

For simplicity, we will call the meeting at which the committee of management first considers the GPFR the first meeting. At the first meeting your committee, if satisfied that all is in order, will resolve to express its opinion on the GPFR and complete a Committee of Management Statement.

The Auditor

After the first meeting, the auditor takes the GPFR and the Committee of Management Statement and prepares a report on the GPFR. In practice, your auditor may have already completed most of his or her examination of your accounts. The auditor may only be waiting on the Committee to pass the required resolution and make the Statement before signing the report the same day.

Informing Your Members

Your reporting unit must provide free of charge to the general membership, copies of the GPFR, the Operating Report and the Auditor's Report. RAO calls these the "full report". Under certain circumstances, your reporting unit can provide a more limited *concise report*.

The reporting unit can meet its obligation to provide copies of the full or concise report to members by publishing the report in a journal that is available to the members free of charge.

A reporting unit may meet this obligation in whole or in part by publication of the report in a journal published on a web site on the Internet dependent on:

- a. the extent of the accessibility of the members of the reporting unit to the Internet; and
- b. that the members are notified by the reporting unit in the usual manner in which it communicates with its members that the report has been so published at a specified Internet address.

The report must be provided within 5 or 6 months from the end of the financial year, depending on the internal arrangements of the organisation for the presentation of its financial reports.

The Second Meeting - if it is a General Meeting of Members

After providing the full report to members it must be presented to a general meeting of members. For simplicity this is referred to as the *second meeting*.

Your reporting unit must always allow a minimum of 21 days for members to receive the full report before presenting it to a general meeting of members (s265(5)). The purpose of the interval and the second meeting is to enable the members to have time to consider the report and, if they wish, to attend the second meeting to discuss it.

If the rules of the organisation permit a general meeting to be a series of meetings held at different locations, the full report may be presented to such a series of meetings. In this case the 'date' of the general meeting is taken to be the date of the last meeting in the series (see s266(2)).

The Second Meeting - if it is a Committee of Management Meeting

If the rules of your organisation contain a provision that allows up to 5% of members to demand a general meeting to be held consider the report (see s266(3)), it is permissible to present the report directly to a Committee of Management meeting.

Lodge full report within 14 days of meeting

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at www.airc.gov.au). When lodging the financial return please quote: **FR2005/561**

The Secretary (or another officer appropriately authorised under the rules of the organisation) must *certify* that the full report is a copy of the one provided to members and presented to the second meeting and provide the date of the meeting (a sample certification for illustrative purposes is at *Attachment D*).

When we receive your return we will check that it includes the information you must provide your members and that you have provided it to them correctly.

Complying with time limits

This letter has outlined some of the steps in preparing and lodging your return. Many of the steps must be completed within fixed time limits.

Failure to complete them in time could make your reporting unit or its officers liable to financial or "civil penalties".

Extensions of Time

We appreciate that sometimes circumstances beyond your reporting unit's control may delay completion of a financial return. If you believe your reporting unit is going to be unable to meet a time limit tell us as soon as you know. We can advise you if the step is one for which you may apply under RAO to the Industrial Registrar for extra time to complete. The maximum extra time allowed can be no more than one month.

Reduced Reporting Requirements

If your reporting unit meets certain conditions, some of these reporting requirements can be reduced. Such conditions might be where the annual income of the reporting unit (where the reporting unit is the whole of the organisation) is less than \$100,000, or where the reporting unit has no financial affairs in the financial year, or where the financial affairs of the reporting unit are encompassed by the financial affairs of its counterpart State industrial association.

Contact the Registry

We encourage you to contact the Registry on (02) 8374 6666 or by e-mail at belinda.penna@air.gov.au as early as possible if you believe preparation or lodgment of your return will be delayed or if you have any queries. We can offer you advice on procedure but we cannot give you legal or accounting advice.

Information on AIRC Website

We recommend you and your accountant/auditor refer to the following documents on the Commission's website at www.airc.gov.au:

- [RAO Schedule and RAO Regulations](#)
- [Registrar's Reporting Guidelines](#) - All GPFR's must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- [RAO Fact Sheets](#) - These Fact Sheets explain the new requirements of the RAO Schedule - many of them deal with financial reporting matters.

Yours sincerely



For Deputy Industrial Registrar
24 January 2006

Documents Checklist

You can use this checklist as soon as possible after the financial year ends to ensure you have all the necessary documents prepared and that those documents contain all information required by RAO.

You can also use this checklist to ensure all documents in your financial return are complete before lodging them in the Registry.

No	Document	✓
1	General Purpose Financial Report	
	Does the report contain a Profit and Loss Statement?	
	Does the report contain a Balance Sheet?	
	Does the report contain a Statement of Cash Flows?	
	Does the report contain notes to the financial statements as required by AAS and the reporting guidelines?	
	Does the report contain all other information required by the reporting guidelines?	
2	Committee of Management Statement	
	Is the statement signed by the officer responsible for undertaking functions necessary to enable the reporting unit to comply with RAO?	
	Is the statement dated?	
	Is the statement in accordance with a resolution of the committee?	
	Does the statement specify the date of the resolution?	
	Does the statement contain declarations required by the reporting guidelines?	
3	Auditor's Report	
	Is the Report dated and signed by the auditor?	
	Is the name of the auditor clear?	
	Are the qualifications of the auditor on the report?	
	Has the auditor expressed an opinion on all matters required?	
4	Operating Report	
	Is the report signed and dated?	
	Does the report provide the number of members?	
	Does the report provide the number of employees?	
	Does the report contain a review of principal activities?	
	Does the report give details of significant changes?	
	Does the report give details of right of members to resign?	
	Does the report give details of superannuation trustees?	
	Does the report give details of membership of the committee of management?	
5	Concise report*	
6	Certificate of Secretary or other Authorised Officer	
	Is the certificate signed and dated?	
	Is the signatory the secretary or another officer authorised to sign the certificate?	
	Is the date that the report was provided to members stated?	
	Is the date of the Second Meeting at which the report was presented stated?	
	Does the certificate state that the documents are copies of those provided to members?	
	Does the certificate state that the documents are copies of those presented to the Second Meeting?	

* This is an optional way of providing documents to members (see RAO s265(3) and RAO Reg. 161).

Committee Of Management Statement

On *[date of meeting]* the Committee of Management of *[name of reporting unit]* passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended *[date]*:

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

- (a) the financial statements and notes comply* with the Australian Accounting Standards;
- (b) the financial statements and notes comply* with the reporting guidelines of the Industrial Registrar;
- (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;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held* in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been* managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been* kept and maintained in accordance with the RAO Schedule and the RAO 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 a Registrar duly made under section 272 of the RAO Schedule has been* furnished to the member or Registrar; and
 - #(vi) there has been* compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

For Committee of Management: *[name of designated officer per section 243 of the RAO Schedule]*

Title of Office held:

Signature:

Date:

* Where compliance or full compliance has not been attained - set out details of non compliance instead.

Where not relevant these may be modified accordingly (e.g. in (vi) "No orders have been made by the Commission under section 273 of the RAO Schedule during the period."

Certificate of Secretary or other Authorised Officer¹

s268 of Schedule 1B *Workplace Relations Act 1996*

I [name] being the [title of office] of the [name of the organisation] certify:

- that the documents lodged herewith are copies of the full report, [and the concise report]², referred to in s268 of the RAO Schedule; and
- that the [full report OR concise report]³, was provided to members on [insert date]; and
- that the full report was presented to [a general meeting of members OR the last of a series of general meetings of members OR a meeting of the committee of management]³ of the reporting unit on [insert date]; in accordance with section 266 of the RAO Schedule.

Signature

Date:

¹RAO regulation 162 prescribes the designated officer for the purpose of RAO schedule s268 as:

(a) the secretary; or

(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

²Only applicable where a concise report is provided to members

³Insert whichever is applicable

Construction, Forestry, Mining and Energy Union

(Construction & General Division)

Brick, Tile & Pottery, Construction Materials and Related Products Industry
Divisional Branch


FOR THE YEAR ENDED 31 DECEMBER 2005

Schedule 1B *Workplace Relations Act 1996*

Section 268

CERTIFICATE

Pursuant to Section 268 of Schedule 1B the *Workplace Relations Act 1996*, I Trevor Melksham certify that the documents attached hereto are copies of the documents presented to members of the above-named division on 1st June 2006 and presented at meeting of the Branch Committee of Management on 14th June 2006.


Branch Secretary
CFMEU
C&G BTPIDB

14.06.06
Date:



**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
BRICK, TILE, POTTERY, CONSTRUCTION MATERIALS AND RELATED PRODUCTS
INDUSTRY DIVISIONAL BRANCH**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005**

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- 4 Independent Audit Report to the Members
- 5 Income Statement
- 6 Balance Sheet
- 7 Statement of Changes in Equity
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OPERATING REPORT

The Committee of Management of the Construction Forestry Mining and Energy Union, Construction and General Division, Brick, Tile, Pottery, Construction Materials and Related Products Industry Divisional Branch (The Union) present their Operating Report on the Union for the year ended 31 December 2005.

Committee of Management

The names of Committee of Management (COM) in office at any time during the year are:

Name	Position	Period of Appointment
Mr P Hodder	Division President	1/1/05 to 31/12/05
Mr T Melksham	Division Secretary	1/1/05 to 31/12/05
Mr S Stiff	(NSW) Assistant Secretary	1/1/05 to 31/12/05
Mr S Roach	(VIC) Assistant Secretary	1/1/05 to 31/12/05
Mr J Green	COM Member	1/1/05 to 31/12/05

Principal Activities

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

- Adherence to the rules of the Division in furtherance of the objects of the Union consistent with the industrial relations legislation.
- Implementation of the decisions of the National Executive and Committee of Management.
- Implementation of the Union's organising agenda, including assistance and advice on organising site projects, training and development of officials and planning and resourcing campaigns.
- Industrial support including representation of individual member grievances, advice on legal and legislative matters, and responding to other Unions' rules applications where they impact on membership of the Union.
- The administration and variation of federal and state awards.
- Negotiation and registration of certified industrial instruments on behalf of members consistent with the objects of the Industrial Relations Act and the Union rules.
- Media and other communications to members affecting the rank and file.

Results of Activities

The result for the year was a loss of \$5,233 (2004: profit of \$152,577). Membership income has decreased by \$63,636 over last year which equates to an 11% decrease.

OPERATING REPORT (Continued)

Significant Changes in Nature of Activities

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

Significant Changes in Financial Affairs

The only significant change in the Financial Affairs of the Union during the year is the continuous drive back towards positive net assets, at 31 December 2005 we have come back to positive \$57,832.

Membership of the Union

There were 1,277 members of the Union as at 31 December 2005.

Rights of Members to Resign

All members of the Union have the right to resign in accordance with Rule 11 of the Union Rules (and section 174 of the RAO Schedule).

Employees of the Union

As at 31 December 2005 the Union employed 3 full time employees.

Superannuation Trustees

No 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.


TREVOR MELKSHAM

Signed this 25th day of May 2006.

COMMITTEE OF MANAGEMENT STATEMENT

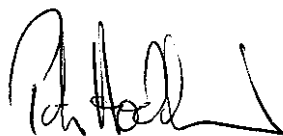
The Committee of Management of the Union, do state that in the opinion of the Committee, that:

- (a) The financial report and notes comply with Australian Accounting Standards;
- (b) The financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the year ended 31 December 2005;
- (d) There are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (e) During the financial year ended 31 December 2005 and since the end of the financial year:-
 - (i) Meetings of the Committee of Management were held in accordance with the rules of the organisation; and
 - (ii) The financial affairs of the Union have been managed in accordance with the rules of the organisation; and
 - (iii) The financial records of the Union have been kept and maintained in accordance with Schedule 1B to the Workplace Relations Act 1996 and the Workplace Relations (Registration and Accountability of Organisations) Regulations 2004; and
 - (iv) The financial records of the Union have been kept, as far as practicable, in a consistent manner to each other reporting unit of the organisation; and
 - (v) No information has been sought in any request of a member of the Union or by a Registrar duly made under section 272 of Schedule 1B to the Workplace Relations Act 1996; and
 - (vi) No orders have been made by the Industrial Registrar under section 273 of Schedule 1B to the Workplace Relations Act 1996.

This Statement is made in accordance with a resolution of the Committee of Management passed on the 25th of May 2006 and is signed for and on behalf of the Committee of Management by:


TREVOR MELKSHAM

Dated this 25th day of May 2006.


PETER HODDER

**INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF THE CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
BRICK, TILE, POTTERY CONSTRUCTION MATERIALS AND RELATED PRODUCTS INDUSTRY
DIVISIONAL BRANCH**

SCOPE

We have audited the general purpose financial report comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements of the Construction Forestry Mining and Energy Union – Construction and General Division, Brick, Tile, Pottery, Construction Materials and Related Products Industry Divisional Branch ("the Union") for the year ended 31 December 2005. The Union's Committee of Management is responsible for the preparation and presentation of the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Union.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements in Australia, statutory requirements and the Workplace Relations Act 1996, so as to present a view of the Union, which is consistent with our understanding of the Union's financial position and the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

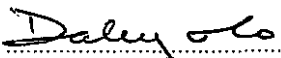
AUDIT OPINION


We have received all the information and explanations required for the purposes of our audit.

In our opinion, the general purpose financial report of the Construction Forestry Mining and Energy Union – Construction and General Division, Brick, Tile, Pottery, Construction Materials and Related Products Industry Divisional Branch, is in accordance with:

- (a) The Workplace Relations Act 1996, including:
 - (i) Giving a true and fair view of the Union's financial position as at 31 December 2005 and of its performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards in Australia and other mandatory professional reporting requirements
- (b) The requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of Schedule 1B of the Act.

We have received all the information and explanations required for the purposes of our audit.


.....
DALEY & CO
Chartered Accountants
Wollongong NSW


.....
M L Gleeson
Registered Company Auditor
Partner

Dated this 25th day of May 2006.

Construction Forestry Mining and Energy Union
Construction and General Division
Brick, Tile, Pottery, Construction Materials and Related Products Industry Divisional Branch

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTE	2005 \$	2004 \$
Revenue from Ordinary Activities	2(a)	<u>584,709</u>	<u>636,362</u>
Wages and Related Costs		(317,339)	(265,102)
Depreciation Expense		(17,129)	(14,698)
Capitation Fees		(51,229)	(58,814)
Other Expenses		<u>(204,245)</u>	<u>(145,171)</u>
		<u>(589,942)</u>	<u>(483,785)</u>
Net (Deficit) / Surplus Attributable to Members		<u>(5,233)</u>	<u>152,577</u>

The accompanying notes form part of these financial statements.

**BALANCE SHEET
 AS AT 31 DECEMBER 2005**

	NOTE	2005 \$	2004 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	54,178	69,312
Trade and Other Receivables	4	34,887	62,563
Financial Assets	5	102,025	82,530
Other Current Assets		2,123	3,117
TOTAL CURRENT ASSETS		193,213	217,522
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	91,178	73,123
TOTAL NON-CURRENT ASSETS		91,178	73,123
TOTAL ASSETS		284,391	290,645
CURRENT LIABILITIES			
Trade and Other Payables	7	69,602	47,858
Short Term Provisions	8	103,707	80,102
TOTAL CURRENT LIABILITIES		173,309	127,960
NON-CURRENT LIABILITIES			
Trade and Other Payables	7	30,000	99,620
Long Term Provisions	8	23,250	-
TOTAL NON-CURRENT LIABILITIES		53,250	99,620
TOTAL LIABILITIES		226,559	227,580
NET ASSETS		57,832	63,065
ACCUMULATED FUNDS			
Accumulated Members' Funds		57,832	63,065
		57,832	63,065

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
Opening Balance as at 1 January	63,065	(89,512)
(Deficit) / Surplus Attributable to Members	(5,233)	152,577
Closing Balance as at 31 December	<u>57,832</u>	<u>63,065</u>

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTE	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members and Customers		665,532	632,811
Payments to Suppliers and Employees		(629,585)	(581,136)
Interest Received		5,284	4,392
NET CASH INFLOW FROM OPERATING ACTIVITIES	9(b)	<u>41,231</u>	<u>56,067</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		(70,888)	(48,896)
Proceeds from Sale of Property, Plant and Equipment		34,018	18,363
NET CASH INFLOW FROM INVESTING ACTIVITIES		<u>(36,870)</u>	<u>(30,533)</u>
NET INCREASE IN CASH HELD		4,361	25,534
CASH AT THE START OF THE FINANCIAL YEAR		151,842	126,308
CASH AT THE END OF THE FINANCIAL YEAR	9(a)	<u>156,203</u>	<u>151,842</u>

The accompanying notes form part of this financial report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements imposed by the Reporting Guidelines of Part 3 of Chapter 8 of Schedule 1B of the Workplace Relations Act, 1996.

The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Union in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

The Union has prepared these financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 December 2005.

In accordance with the requirements of the AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures. These accounts are the first financial statements of the Union to be prepared in accordance with AIFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 1(l) to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis, except where specifically stated, and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

Accounting Policies

(a) PROPERTY, PLANT & EQUIPMENT

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property, Plant and Equipment

Property, Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

(a) PROPERTY, PLANT & EQUIPMENT *CONTINUED*

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 Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation

The depreciation amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Union. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant & Equipment	10%
Motor Vehicles	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

An assets' 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 and losses are included in the income statement.

(b) INCOME TAX

No provision for income tax is necessary, as the Union (being a registered Industrial Trade Union) is exempt from tax under s.50-15 of the Income Tax Assessment Act.

(c) LEASES

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

(d) FINANCIAL INSTRUMENTS

Recognition

Financial instruments are initially measured at cost on trade date, which included transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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 stated at amortised cost using the effective interest rate method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

(d) FINANCIAL INSTRUMENTS *CONTINUED*

Held-to-Maturity Investments

These investments have fixed maturities, and it is the Union's intention to hold these investments to maturity. Any held-to-maturity investments held by the Union are stated at amortised cost using the effective interest rate method.

Available-for-Sale Financial Assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Union assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(e) IMPAIRMENT OF ASSETS

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

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

(f) EMPLOYEE BENEFITS

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. 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, plus related on-costs. 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, inclusive of related on-costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(g) PROVISIONS

Provisions are recognised when the Union 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.

(h) CASH AND CASH EQUIVALENTS

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

(i) REVENUE

Revenue from membership contributions are recognised upon receipt, which is reflective of the timing and nature of the benefits provided to members.

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

Revenue from the rendering of a service is recognised upon the delivery of the services to the customers.

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

(j) 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) COMPARATIVE FIGURES

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(I) IMPACT OF FIRST TIME ADOPTION OF AIFRS

These are the Union's first financial statements prepared in accordance with AIFRS. The accounting policies set out in Note 1 have been applied for the year ended 31 December 2005, the comparative information for the year ended 31 December 2004 and in the preparation of an opening Balance Sheet as at 1 January 2004 (the Union's date of transition).

In preparing its opening AIFRS Balance Sheet, the Union has not been required to adjust any amounts reported previously in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to AIFRS has affected the Union's financial position is set out in the following table.

With the exception of adjustments to presentation and disclosure formatting of these financial statements, the only other change has been in relation to the following reclassification in the Income Statement for the year ended 31 December 2004: under Australian equivalents to IFRS the sale of non-current assets must be reflected as a gain or loss on sale and not separately split between proceeds and cost of disposal. This reclassification has no effect on the net result for the 2005 financial year.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

	NOTE	2005 \$	2004 \$
2. OPERATING RESULT FROM ORDINARY ACTIVITIES			
The result from ordinary activities is arrived at after taking into account:			
(a) REVENUE:			
<i>Ordinary Activities</i>			
Membership Contributions		500,424	564,060
Interest Received		5,284	4,916
Training Fund Receipts		2,452	614
Other Income		26,929	614
		535,089	570,204
<i>Non-Operating Activities</i>			
Write Back of amount owing to Victorian Branch		-	66,158
Write Back of amount owing to CFMEU C & G Division National Office	13(b)(ii)	49,620	-
		49,620	66,158
		584,709	636,362
(b) EXPENSES:			
Depreciation of Property, Plant & Equipment		17,129	14,698
Movement in Employee Entitlements		46,855	16,407
Loss on Disposal of Assets		1,686	7,588
Attendance Fees – Conferences & Meetings		5,698	1,900
Auditors Remuneration:			
Auditing the Financial Report		5,000	5,000
Other Services		5,182	3,499
		10,182	8,499
3. CASH			
Cash at Bank		47,428	63,575
CFMEU Training Fund		6,750	5,737
		54,178	69,312
4. RECEIVABLES			
Membership Fees Receivable	10	34,414	61,913
Interest Receivable		473	650
		34,887	62,563

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005 \$	2004 \$
5. FINANCIAL ASSETS - CURRENT		
Held-to-Maturity Investments	102,025	82,530
6. PROPERTY, PLANT AND EQUIPMENT		
Plant & Equipment at Cost	8,033	9,284
Less: Accumulated Depreciation	(2,866)	(3,801)
	<u>5,167</u>	<u>5,483</u>
Motor Vehicles at Cost	99,008	81,976
Less: Accumulated Depreciation	(12,997)	(14,336)
	<u>86,011</u>	<u>67,640</u>
TOTAL PROPERTY, PLANT & EQUIPMENT	<u>91,178</u>	<u>73,123</u>

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year:-

	PLANT & EQUIPMENT \$	MOTOR VEHICLES \$	TOTAL \$
Balance at Start of Year	5,483	67,640	73,123
Additions	1,880	69,008	70,888
Disposals	(363)	(35,341)	(35,704)
Depreciation/Amortisation	(1,833)	(15,296)	(17,129)
Carrying Amount – End of Year	<u>5,167</u>	<u>86,011</u>	<u>91,178</u>

7. TRADE AND OTHER PAYABLES

Current

Accounts Payable	38,250	19,412
Amounts Owing to Related Parties [Refer 13(c)]	31,352	28,446
	<u>69,602</u>	<u>47,858</u>

Non-Current

Amount Owing to Related Party [Refer 13(c)]	<u>30,000</u>	<u>99,620</u>
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**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005			2004
	\$			\$
8. PROVISIONS				
	PROVISION FOR ANNUAL LEAVE \$	PROVISION FOR LSL \$	OTHER EMPLOYEE ENTITLEMENTS \$	TOTAL \$
Opening balance at Start of Year	49,504	24,000	6,598	80,102
Additional provisions	50,988	28,335	-	79,323
Amounts used / written back	(25,870)	-	(6,598)	(32,468)
Balance at End of Year	<u>74,622</u>	<u>52,335</u>	<u>-</u>	<u>126,957</u>
(a) Analysis of ageing of provisions				
Current			103,707	80,102
Non-Current			<u>23,250</u>	<u>-</u>
			<u>126,957</u>	<u>80,102</u>
(b) Number of Employees at Balance Date				
			<u>3</u>	<u>3</u>
(c) Employee Benefits Attributable to:				
Office Holders			126,957	80,102
Staff			<u>-</u>	<u>-</u>
			<u>126,957</u>	<u>80,102</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

		2005 \$	2004 \$
9. CASH FLOW INFORMATION			
(a) RECONCILIATION OF CASH			
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:			
Cash	3	54,178	69,312
Financial Assets	5	102,025	82,530
BALANCE PER STATEMENT OF CASH FLOWS		<u>156,203</u>	<u>151,842</u>

**(b) RECONCILIATION OF OPERATING RESULT TO NET
 CASH INFLOW FROM OPERATING ACTIVITIES**

Operating Result for the Year	(5,233)	152,577
Depreciation	17,129	14,698
(Profit)/Loss on Disposal of Plant & Equipment	1,686	7,588
Write Back of amount owing to Victorian Branch	-	(66,158)
Changes in Assets and Liabilities		
(Increase)/Decrease in Receivables	27,676	(1,964)
(Increase)/Decrease in Prepayments	994	1,283
Increase/(Decrease) in Creditors	(47,876)	(68,364)
Increase/(Decrease) in Employee Provisions	46,855	16,407
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>41,231</u>	<u>56,067</u>

10. AMOUNTS DUE FROM BRANCHES - MEMBERSHIP LEVIES

	BALANCE OWING 1/1/05 \$	ADD AMOUNTS CHARGED \$	LESS CASH RECEIVED \$	BALANCE OWING 31/12/05 \$
New South Wales	14,241	82,438	88,185	8,494
Victoria	7,844	26,201	31,277	2,768
TOTAL FROM BRANCHES	<u>22,085</u>	<u>108,639</u>	<u>119,462</u>	<u>11,262</u>
Membership Received Direct	39,828	441,827	458,503	23,152
TOTAL	<u>61,913</u>	<u>550,466</u>	<u>577,965</u>	<u>34,414</u>

All balances reported above include GST.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

11. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2005	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING		NON INTEREST BEARING	TOTAL
			WITHIN 1 YEAR	BETWEEN 1 & 5 YEARS		
Financial Assets	%	\$	\$	\$	\$	\$
Cash at Bank	0.95	54,178	-	-	-	54,178
Financial Assets	5.41	-	102,025	-	-	102,025
Receivables	-	-	-	-	34,887	34,887
Total Financial Assets		54,178	102,025	-	34,887	191,090
Financial Liabilities						
Trade & Sundry Creditors	-	-	-	-	99,602	99,602
Total Financial Liabilities		-	-	-	99,602	99,602
2004						
2004	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING		NON INTEREST BEARING	TOTAL
			WITHIN 1 YEAR	BETWEEN 1 & 5 YEARS		
Financial Assets	%	\$	\$	\$	\$	\$
Cash at Bank	2.13	69,312	-	-	-	69,312
Financial Assets	5.02	-	82,530	-	-	82,530
Receivables	-	-	-	-	62,563	62,563
Total Financial Assets		69,312	82,530	-	62,563	214,405
Financial Liabilities						
Trade & Sundry Creditors	-	-	-	-	147,478	147,478
Total Financial Liabilities		-	-	-	147,478	147,478

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

11. FINANCIAL INSTRUMENTS

(Continued)

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Balance Sheet and Notes to the Financial Statements.

The Union does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Union.

(c) Net Fair Values

The net fair values of all assets and liabilities approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are disclosed in the Balance Sheet and in the Notes to the Financial Statements.

12. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of the members is drawn to the provisions of sub-sections (1), (2) and (3) of Section 272 of the Registration and Accountability of Organisations Schedule (Schedule 1B to the Workplace Relations Act 1996) which reads as follows:-

- (1) A member of a reporting unit, or a Registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must 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 reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

13. RELATED PARTY INFORMATION

(a) MEMBERS OF THE COMMITTEE OF MANAGEMENT

Persons holding executive positions within the Union and as members of the Committee of Management during the year:

Mr P Hodder (Division President)	Mr S Stiff (NSW Assistant Secretary)
Mr T Melksham (Division Secretary)	Mr S Roach (VIC Assistant Secretary)

Persons appointed and holding honorary positions as members of the Committee of Management for the financial year:

Mr J Green

(b) RELATED PARTY TRANSACTIONS

Other related parties

- i) Capitation fees totaling \$51,229 (2004: \$58,814) were charged during the year by the Construction, Forestry, Mining and Energy Union Construction and General Division National Office.
- ii) An amount payable of \$49,620 owed to Construction, Forestry, Mining and Energy Union, Construction and General Division, National Office was forgiven during the year.
- iii) During the year the Union resolved to provide a non-reciprocal contribution of \$15,000 for operational assistance to the NSW Branch.
- iv) An amount of \$26,931 was received from CFMEU BTPU NSW Branch during the year, being the return of a donation of \$25,000 (plus interest) originally made in 2004.
- v) An amount of \$20,000 was paid to Construction, Forestry, Mining and Energy Union, Construction and General Division, National Office for clerical assistance.
- vi) Membership Levies were charged to the following Branches during the year:-

	2005	2004
	\$	\$
New South Wales	74,944	90,211
Victoria	23,819	58,082
	<u>98,763</u>	<u>148,293</u>

(c) RELATED PARTY BALANCES

Other related parties

- i) As at balance date, sustentation fees payable to the Construction, Forestry, Mining and Energy Union were \$23,352.
- ii) As at balance date, an amount of \$30,000 was owed to the Union's Victorian Branch.
- iii) As at balance date, membership levies due from the branches was \$11,262 (2004: \$22,085), as recorded in note 11.
- iv) An amount of \$8,000, for operational assistance to the NSW Branch, was still owing as at year end.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

14. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) KEY MANAGEMENT PERSONNEL

Mr. T Melksham (Division Secretary)
Mr S Stiff (NSW Assistant Secretary)
Mr S Roach (VIC Assistant Secretary)

Refer to note 13(a) for the names of the members of the Committee of Management. Other than those members listed above as 'Key Management Personnel' none are paid any remuneration by the Union.

	2005
	\$
(b) TOTAL COMPENSATION OF KEY MANAGEMENT PERSONNEL	
Short Term Benefits	233,686
Post Employment Benefits	35,583
Other Long Term Benefits	2,975
Termination benefits	10,580
	<u>282,824</u>

15. ORGANISATION DETAILS

The Union is a Trade Union registered and domiciled in Australia. The registered office and principle place of business of the Union is: Level 12, 276 Pitt Street, Sydney, NSW, 2000.

16. EVENTS SUBSEQUENT TO BALANCE DATE

(a) No matter or circumstance has arisen since the end of the year that has significantly affected or may significantly affect:

- (i) the operations of the Union;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Union, in subsequent financial years.

(b) The financial report was authorised for issue on Thursday the 25th of May 2006 by the Committee of Management.

17. COMMITMENTS

During the year the Union resolved to provide a non-reciprocal contribution for operational assistance to the NSW Branch. This contribution, of \$1,250 per month, is to be paid indefinitely until otherwise amended or terminated by the Committee of Management.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

18. ADDITIONAL DISCLOSURES REQUIRED UNDER THE RAO SCHEDULE

In accordance with the requirements of Section 255 of Schedule 1B [the Registration and Accountability of Organisations (RAO) schedule], the following necessary disclosures are made:

	2005	2004
	\$	\$
PROFIT AND LOSS DISCLOSURES		
ITEMS OF REVENUE		
(a) Compulsory levies raised from members or appeals for voluntary contributions:		
Membership income.	500,424	564,060
(b) Donations or Grants Income.		
	-	-
ITEMS OF EXPENSE		
Expenses paid to employers for payroll deduction costs incurred relating to membership contributions.	75	139
Affiliation fees/subscriptions to organisations with an interest in industrial matters.	-	*
Compulsory levies imposed on the Union.	-	*
Donations or Grant Expenses.	250	1,420
Employee Benefits Expense:		
- Office Holders	219,612	204,160
- Employees (Other than Office Holders)	-	-
	219,612	204,160
Attendance Fees/Allowances – Conferences and Meetings	2,800	1,900
Legal Costs and Related Expenses	-	5,068
Expenses incurred in connection with meetings of members, councils, committees, panels to other bodies for which the Union was wholly or partly responsible.	27,980	*
Penalties imposed under the Act or Regulations.	-	-

* Comparative disclosures not required in this, the first year of RAO disclosures, as noted under the Determination of reporting guidelines for the purposes of section 253 of RAO Schedule.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

18. ADDITIONAL DISCLOSURES REQUIRED UNDER THE RAO SCHEDULE CONTINUED...

	2005	2004
	\$	\$
OTHER BALANCES		
Transfers to a fund or account kept for specific purposes:	-	-
BALANCE SHEET DISCLOSURES		
LIABILITIES		
Amounts payable to employees as consideration for costs relating to payroll deductions for membership contributions.	-	-
EQUITY		
Balance of funds operated in respect of voluntary contributions collected from members:	-	-



Australian Government

Australian Industrial Registry

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Email: sydney@air.gov.au

Mr Trevor Melksham
Branch Secretary
CFMEU Construction & General Division
Brick, Tile & Pottery Related Products Industry Divisional Branch
PO Box Q235
QVB POST OFFICE, SYDNEY NSW 1230

Dear Mr Melksham

Lodgement of Financial Statements and Accounts for the CFMEU Construction & General Division, Brick, Tile & Pottery, Construction Materials and Related Products Industry Divisional Branch for the year ending 31 December 2005 (FR2005/561)

Receipt is acknowledged of the abovementioned financial statements and accounts, which were lodged in the Registry on 15 June 2006.

The financial statements and accounts have been filed, and may be viewed on the internet at www.e-airc.gov.au/105ncci/financial.

Thank you for your attention to this matter.

Yours sincerely,

A handwritten signature in cursive script that reads 'Belinda Penna'.

Belinda Penna
for Deputy Industrial Registrar

15 June 2006