



Australian Government

Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
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Mr Tom Roberts
National Legal Officer
CFMEU Construction & General Division
PO Box Q235
Queen Victoria Building Post Office
SYDNEY NSW 1230

Dear Mr Roberts

**Financial Statements and Accounts for the CFMEU Construction & General Division
NSW Divisional Branch for the year ending 31 December 2005 (FR2005/567)**

I refer to the above financial statements and accounts which were lodged in the Industrial Registry on 28 June 2006. I apologise for the delay in finalising consideration of the documents.

As you are aware the previous year's documents for the NSW Divisional Branch (FR2004/681) were the subject of enquiries by Deputy Industrial Registrar Damien Staunton. I have had regard to the outcome of those enquiries and to the disclosures contained in the notes to the accounts for the year ending 31 December 2005.

The financial return for the year ending 31 December 2005 has now been filed.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Barry Jenkins'.

Barry Jenkins
Deputy Industrial Registrar

1 August 2008



Australian Government

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Mr Tom Roberts
National Legal Officer
CFMEU Construction & General Division
PO Box Q235
Queen Victoria Building Post Office
SYDNEY NSW 1230

Dear Mr Roberts

Lodgement of Financial Statements and Accounts for the CFMEU Construction & General Division NSW Divisional Branch for the year ending 31 December 2005 (FR2005/567)

Receipt is acknowledged of the abovementioned financial statements and accounts, which were lodged in the Registry on 28 June 2006.

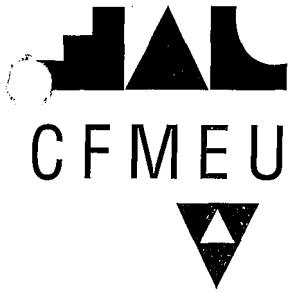
The documents are under consideration and you will be advised in due course.

Yours sincerely

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

Belinda Penna
for Deputy Industrial Registrar

28 June 2006



TR/nd.returns

CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

27th June, 2006

Industrial Registrar
Australian Industrial Registry
Level 8
80 William Street
SYDNEY NSW 2011

Dear Sir/Madam,

Re: Financial Returns

Please find enclosed herewith the financial returns of the Construction Forestry Mining and Energy Union, Construction & General Division, New South Wales Divisional Branch, for the year ending 31st December, 2005.

Please confirm receipt at your earliest convenience.

Yours faithfully,

TOM ROBERTS
National Legal Officer

Encl.



CONSTRUCTION &
GENERAL DIVISION
ABN 46 243 168 565

JOHN SUTTON
National Secretary

FEDERAL OFFICE
LEVEL 12
276 PITT STREET
SYDNEY NSW 2000

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Construction Forestry Mining & Energy Union

Construction & General Division

New South Wales Divisional Branch

12 Railway Street LIDCOMBE 2141

Phone 02 9749 0400 ♦ Fax 02 9649 7100 ♦ Email: enquiries@nsw.cfmeu.asn.au
Locked Bag 1 LIDCOMBE NSW 1825

Certificate of Secretary

S268 of Schedule 1B Workplace Relations Act 1996

I, Andrew Ferguson, being the Secretary of the Construction Forestry Mining and Energy Union, Construction and General Division, NSW Divisional Branch, certify:

- That the documents lodged herewith are copies of the full report referred to in s268 of the RAO Schedule; and
- That the full report was provided to members on 30th May 2006; and
- That the full report was presented to the meeting of the Committee of Management of the reporting unit on 21st June 2006; in accordance with section 266 of the RAO Schedule

26/6/06

STATE SECRETARY
*CONSTRUCTION FORESTRY
MINING AND ENERGY UNION,
CONSTRUCTION & GENERAL DIVISION
NSW DIVISIONAL BRANCH*

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
NEW SOUTH WALES DIVISIONAL BRANCH**

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

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OPERATING REPORT

The Committee of Management of the Construction, Forestry, Mining and Energy Union Construction and General Division, New South Wales 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 in office at any time during the year are:

Name	Position	Period of Appointment	Name	Position	Period of Appointment
Mr Peter McClelland	Division President	1/1/05 – 31/12/05	Mr B Hemsworth	COM Member	1/1/05 – 31/12/05
Mr Andrew Ferguson	Division Secretary	1/1/05 – 31/12/05	Mr G Ioannou	COM Member	1/1/05 – 31/12/05
Mr Brian Parker	Assistant Secretary	1/1/05 – 31/12/05	Mr M Jones	COM Member	1/1/05 – 31/12/05
Mr Peter Zaboyak	Assistant Secretary	1/1/05 – 31/12/05	Mr L Lawson	COM Member	1/1/05 – 31/12/05
Mr M Barrios	COM Member	1/1/05 – 31/12/05	Mr J Magee	COM Member	1/1/05 – 31/12/05
Mr N Botic	COM Member	1/1/05 – 31/12/05	Mr M McBride	COM Member	1/1/05 – 31/12/05
Mr C Brokenborough	COM Member	1/1/05 – 31/12/05	Mr D McNamara	COM Member	1/1/05 – 31/12/05
Mr W Docherty	COM Member	1/1/05 – 31/12/05	Mr D Milutin	COM Member	1/1/05 – 31/12/05
Mr G Flynn	COM Member	1/1/05 – 31/12/05	Mr D Pilarinos	COM Member	1/1/05 – 31/12/05
Mr P Fullerton	COM Member	1/1/05 – 31/12/05	Mr J Pineiro	COM Member	1/1/05 – 31/12/05
Mr B Gay	COM Member	1/1/05 – 31/12/05	Mr G Preston	COM Member	1/1/05 – 31/12/05
Mr P Genovese	COM Member	1/1/05 – 31/12/05	Mr L Quill	COM Member	1/1/05 – 31/12/05
Mr D Greenfield	COM Member	1/1/05 – 31/12/05	Mr C Sgroi	COM Member	1/1/05 – 31/12/05
Mr T Grover	COM Member	1/1/05 – 31/12/05	Mr A Zdrilic	COM Member	1/1/05 – 31/12/05

Principal Activities

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

- The negotiation of enterprise bargaining agreements and project agreements to improve wage rates and conditions of employment for members.
- The election and training of workplace Union delegates to strengthen workers rights.
- The systematic checking of sites by Union organisers to maintain and improve workplace safety.
- The recruitment of members to the Union to increase Union strength.
- The training of Union officials and staff to better equip the Union to effectively represent and organise workers.
- The audit of employers to ensure compliance with agreement, award and statutory obligations.
- Assistance to workers and sub-contract companies unpaid when contractors go bust.
- Representation and assistance to injured workers to assist them in respect of workers compensation and return to work.

OPERATING REPORT (Continued)

Principal Activities (Continued)

- Representation and assistance to members unfairly sacked and victimised.
- The variation of awards to enhance the rights and entitlements of workers.
- Involvement in the broader trade union movement to strengthen trade union unity and influence.
- Media and other communications to our members and the broader community on issues affecting the rank and file to improve worker and community understanding of the role and relevance of the CFMEU and trade unionism.
- International Trade Union unity.
- Campaigns against unjust and repressive labour laws introduced by the Federal Liberal Government.

Results of Activities

The result for the year was a loss of \$8,808,060 (2004: Loss of \$10,220,504). The biggest impact upon the result was a \$7,000,000 donation to the Defend Trade Union Rights Trust [refer note:3(ii)]. This donation was in accordance with a resolution of the Committee of Management and is within the Union's objectives and rules.

In 2004 the loss was primarily due to the write back of Land and Buildings on 1 January 2004 of \$10,196,045. This write back is described in Note 9(b) to the Financial Statements, and is a consequence of the Union seeking clarification of the title to the Union's land and buildings thereon.

Membership contributions in the current year amounted to \$7,447,213 being an \$806,293 decrease on last year, primarily due to a 13.6% fall in membership numbers.

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

Significant changes in the financial affairs of the Union include:

- The payment of a \$7,000,000 donation (as noted above), which reduced the cash reserves and accumulated profits of the Union; and
- With the reduction in legal activity of the Union, there was a substantial decrease in legal fees from the previous year (down by \$714,991).

Membership of the Union

There were 17,945 financial members of the Union as at 31 December 2005 (2004: 20,779).

OPERATING REPORT (Continued)

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 87 full time and 5 part time employees (2004: 90 full time and 6 part time employees).

Superannuation Trustees

Mr A Ferguson is the Secretary of the Union and holds an alternate directorship of United Super Pty Ltd, which acts as Trustee of C Bus.

No officer or member of the Union acts as a trustee of a superannuation entity or an exempt public sector superannuation scheme; or as a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Signed on behalf of the Committee of Management by:



Andrew Ferguson
DIVISIONAL BRANCH SECRETARY

Dated this 29th day of May 2006.

COMMITTEE OF MANAGEMENT STATEMENT


On 7th March, 2006 the Committee of Management of Construction, Forestry, Mining and Energy Union (New South Wales Branch) Construction and General Division ("The Union"), passed the following resolution in relation to the general purpose financial report (GPFR) of the Union, for the financial year ended 31 December 2005:

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

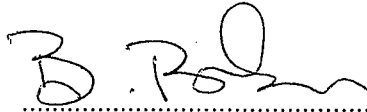
- (a) The financial statements and notes comply with Australian Accounting Standards;
- (b) The financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial year to which they relate;
- (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 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 Union;
 - (ii) The financial affairs of the Union have been managed in accordance with the rules of the Union;
 - (iii) The financial records of the Union have been kept and maintained in accordance with RAO Schedule and RAO Regulations;
 - (iv) No information has been sought in any request of a member of the Union or a Registrar duly made under section 272 of the RAO Schedule; and
 - (v) No orders have been made by the Commission, in regard to inspection of financial records under section 273 of the RAO Schedule.
- (f) in relation to recovery of wages activity:
 - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the Industrial Registrar;
 - (ii) the Committee of Management caused the auditor to include in the scope of the audit required under subsection 257(1) of the RAO Schedule all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity;
 - (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;
 - (iv) that prior to engaging in any recovery of wages activity, the Union 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 for and on behalf of the Committee of Management by:



Peter McClelland
DIVISIONAL BRANCH PRESIDENT



Brian Parker
DIVISIONAL BRANCH ASSISTANT SECRETARY

Dated this 29th day of May 2006.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF THE CONSTRUCTION FORESTRY MINING & ENERGY UNION, CONSTRUCTION & GENERAL
DIVISION, NEW SOUTH WALES 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 & Energy Union Construction & General Division New South Wales Divisional Branch ("the Union") for the year ended 31 December 2005. The Union's Committee of Management are responsible for the preparation and presentation of the financial report. We have conducted an independent audit of the 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 (encompassing the Union's recovery of wages activity), so as to present a view of the Union, which is consistent with our understanding of the Union's financial position and performance as represented by the results of its operations and cash flows.

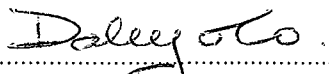
The audit opinion expressed in this report has been formed on the above basis.

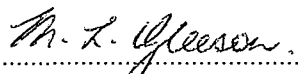
AUDIT OPINION

In our opinion, this general purpose financial report of the Construction Forestry Mining & Energy Union Construction & General Division New South Wales 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 Workplace Relations Act 1996; and
- (c) In relation to recovery of wages activity, that the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the Industrial Registrar, 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.

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


.....
DALEY & CO
Chartered Accountants
98 Kembla Street
Wollongong NSW 2500
Dated this 29th day of May 2006.


.....
M L Gleeson
Registered Company Auditor

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

	NOTE	2005 \$	2004 \$
Revenue	2	<u>10,018,423</u>	<u>10,855,312</u>
Employee Benefits Expense		(6,787,182)	(6,561,335)
Depreciation Expense		(398,953)	(402,929)
Sustentation Fees		(539,730)	(863,610)
Legal Fees		(36,317)	(751,308)
Donations		(7,031,509)	(29,879)
Impairment of Non Current Assets	3(i)	(9,760)	(73,360)
Share of Losses of Associates	8(a)	(3,347)	(6,033)
Correction of Fundamental Error	1(p)	(1,813,988)	(10,196,045)
All Other Expenses		<u>(2,205,697)</u>	<u>(2,191,317)</u>
		<u>(18,826,483)</u>	<u>(21,075,816)</u>
Net Loss Attributable to Members		<u>(8,808,060)</u>	<u>(10,220,504)</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	4	4,700,982	441,683
Trade and Other Receivables	5	280,402	213,611
Financial Assets	6(a)	1,788,175	12,861,328
Other Current Assets	7	227,984	440,611
TOTAL CURRENT ASSETS		<u>6,997,543</u>	<u>13,957,233</u>
NON-CURRENT ASSETS			
Trade and Other Receivables	5	707,737	707,697
Financial Assets	6(b)	4,504	5,107
Investment in Associates	8	476,246	136,919
Plant and Equipment	9	918,771	1,198,846
TOTAL NON-CURRENT ASSETS		<u>2,107,258</u>	<u>2,048,569</u>
TOTAL ASSETS		<u>9,104,801</u>	<u>16,005,802</u>
CURRENT LIABILITIES			
Trade and Other Payable	10	2,514,002	1,137,138
Interest-Bearing Borrowings	11	295,179	-
Short Term Provisions	12	475,000	1,385,097
Other Current Liabilities	13	143,655	342,687
TOTAL CURRENT LIABILITIES		<u>3,427,836</u>	<u>2,864,922</u>
NON-CURRENT LIABILITIES			
Long Term Provisions	12	1,238,392	236,098
TOTAL NON-CURRENT LIABILITIES		<u>1,238,392</u>	<u>236,098</u>
TOTAL LIABILITIES		<u>4,666,228</u>	<u>3,101,020</u>
NET ASSETS		<u>4,438,573</u>	<u>12,904,782</u>
EQUITY			
Accumulated Members' Funds		<u>4,438,573</u>	<u>12,904,782</u>

The accompanying notes form part of these financial statements.

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

	NOTE	2005 \$	2004 \$
Opening Balance as at 1 January	1(o)	12,904,782	23,123,649
Share of Increase in Equity of Associate	8	342,674	-
Net Gains on Available for Sale Financial Assets	1(d)	(823)	1,637
Loss Attributable to Members		(8,808,060)	(10,220,504)
Closing Balance as at 31 December		<u>4,438,573</u>	<u>12,904,782</u>

The accompanying notes form part of these financial statements.

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

	NOTE	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Contributions		8,055,871	8,416,819
Receipts from Customers		1,907,571	2,699,620
Payments to Suppliers and Employees		(17,565,454)	(11,311,577)
Interest Received		609,374	730,556
NET CASH FLOWS FROM OPERATING ACTIVITIES	16(b)	<u>(6,992,638)</u>	<u>535,418</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Plant and Equipment		(142,082)	(305,362)
Proceeds from Sale of Plant and Equipment		25,687	57,818
Net Proceeds from / (Payments for) Investments		<u>11,073,153</u>	<u>(333,888)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>10,956,758</u>	<u>(581,432)</u>
NET INCREASE / (DECREASE) IN CASH HELD		3,964,120	(46,014)
CASH AT THE START OF THE FINANCIAL YEAR		<u>441,683</u>	<u>487,697</u>
CASH AT THE END OF THE FINANCIAL YEAR	16(a)	<u>4,405,803</u>	<u>441,683</u>

The accompanying notes form part of these financial statements.

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

Separation of the Federally-Registered and State-Registered legal entities

The Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch ("the Federally-Registered Union") has dual registration as being a Federally-Registered Union as well as being a State-Registered Union. The Federally-Registered Divisional Branch and the State-Registered Construction and General Division have the same members, the same Committee of Management members and the same Officials. Legal advice has been obtained that confirms that they are in fact separate legal entities.

These financial statements have been prepared for the Federally-Registered Union's Divisional Branch.

Under the principles established by the two leading authorities in this area, namely *Moore v. Doyle (1969) 15 FLR 59 (Full Federal Court)* and *McJannet; ex parte Minister for Employment (etc.) Queensland and Another (Full High Court reported at (1997) 189 CLR 654* the Union has prepared and lodged a separate financial report to that of the State Registered Union, being the Construction Forestry Mining and Energy Union (New South Wales Branch) Construction and General Division.

Accordingly, the Federally-Registered Divisional Branch's report mirrors the State-Registered Union's Construction and General Division's financial report with the exception of the separation of the legal title of the land and building assets. In preparing the 2004 financial statements, legal advice had been obtained which asserted that the land and building assets are vested with the State-Registered Union. Accordingly, these property assets were removed from the Balance Sheet of the Federally-Registered Union as at 1 January 2004, with the resultant adjustment being disclosed as a fundamental error.

Given the difficulty in retrieving originating documentation dating back to the acquisition dates of all property assets of the respective Unions, a definitive allocation of all property transactions such as (but not limited to) rental income, property rates, land tax, building repairs and maintenance has been made dating back to the financial year ended 31 December 1997 and by mutual resolution of both Unions, it has been resolved that all past property transactions prior to 1 January 1997 shall **not** be reallocated between the State-Registered and Federally-Registered Unions.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

Basis of Preparation *Continued...*

Separation of the Federally-Registered and State-Registered legal entities *Continued...*

Furthermore, from 1 January 1997, by mutual resolution of both Unions, it has been resolved that the only income and expense items to be allocated between the State-Registered and Federally-Registered Unions are to include directly attributable operating income and expense items, such as rental income, property rates, land tax, building repairs and maintenance.

Under Section 152(4) of the Workplace Relations Act 1996 it is required that any agreement between the State and Federally-Registered Unions, which sets out the arrangements for the management and control of the assets and liabilities of the two Unions, is required to be sanctioned by the Industrial Registrar. Notwithstanding that the registration and approval of the Industrial Registrar has yet to be obtained, these financial statements have been prepared on the basis that the necessary approval will be given.

Effective 1 January 2005, all property related transactions are to be quarantined into a separate bank account in the State-Registered Union's name. Any amounts not transferred as at the balance date are accounted for as a liability balance in these financial statements (refer note 19).

These transactions between the State and Federally Registered Unions are disclosed as related party transactions at note 19.

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(o) 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) PLANT & EQUIPMENT

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

(a) PLANT & EQUIPMENT *CONTINUED*

Plant and Equipment

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

The carrying amount of 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.

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:

The Union, being a Federally Registered Trade Union under the Workplace Relations Act, does not own any property (land and building) assets in its own name. The property from which it operates is owned by the Construction Forestry Mining & Energy Union (New South Wales Branch) - a State Registered Trade Union organisation under the Industrial Relations Act.

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Furniture, Fittings and Equipment	10 - 20%
Motor Vehicles	20%

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.

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

1. STATEMENT OF ACCOUNTING POLICIES

(Continued)

(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.

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.

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

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(e) IMPAIRMENT OF ASSETS CONTINUED...

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.

(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.

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

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(k) GRANTS

The Union receives grant funding from various sources for varying purposes. Grants are recognised at fair value where there are reasonable assurances that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. All funds received are isolated in the Balance Sheet, from which all expenditures are made. Given that the grant projects generally have an operating period that differs from the financial year-end, amounts are carried forward in the Balance Sheet:

- As an asset where expenditures exceed funding received to the balance date and where such expenditures are recoverable under the Terms of the Grant.
- As a liability where funding received exceeds expenditure to the balance date and the grant is ongoing. Refer to Note 14 "Unexpended Grants Carried Forward".

(l) FUNDS HELD IN TRUST

From time to time the Union will collect voluntary contributions from members, employers and other sources for the furtherance of particular purposes, such as an appeal for the benefit of a member or the members as a group. For accounting purposes, these transactions are not treated as revenue as the Union is only operating as a facilitator to co-ordinate and collect the funds for such appeals. Accordingly, all unspent/untransferred monies have been credited to the "Funds Held in Trust" account, as referred to in Note 13. Under the requirements of RAO Schedule, these voluntary contributions collected and the remaining balance of these contributions as at year end have not required to be disclosed at Note 25.

(m) COMPARATIVE INFORMATION

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

(n) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Committee of Management evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the Union.

Key estimates – Impairment

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

A provision for impairment continues to be recognised in respect of a loan advanced to an associate of the Union (refer note 5). The maximum value of the Union's potential impairment loss is limited to the remaining carrying value of the advance of \$248,642. (2004: \$258,402).

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

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(o) 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 adjusted 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.

	1 January 2004			31 December 2004		
	Previous GAAP \$	Effect of Transition to AIFRS \$	AIFRS \$	Previous GAAP \$	Effect of Transition to AIFRS \$	AIFRS \$
Assets						
Current Assets	13,563,115	-	13,563,115	13,957,233	-	13,957,233
Non-Current Assets	12,424,748	24,647	12,449,395	2,101,678	(53,109)	2,048,569
Total Assets	25,987,863	24,647	26,012,510	16,058,911	(53,109)	16,005,802
Liabilities	2,888,861	-	2,888,861	3,101,020	-	3,101,020
Members' Funds	23,099,002	24,647	23,123,649	12,957,891	(53,109)	12,904,782

The net adjustments, relating to receivables and investments, are further dissected and explained as follows:

	Note	As at 1/1/2004	From 1/1/2004 to 31/12/2004
Increase in Fair Value of Available for Sale Investments	(i)	1,172	2,809
Fair value adjustment of Investment in Associate	(ii)	54,258	48,225
Fair value adjustment of receivable from Associate	(iii)	(30,783)	(104,143)
		<u>24,647</u>	<u>(53,109)</u>

These adjustments have had the following impact upon the Income Statement for the year ended 31 December 2004:

	Note	\$
Operating loss previously reported		(10,141,111)
Fair value adjustment of Investment in Associate	(ii)	(6,033)
Fair value adjustment of receivable from Associate	(iii)	(73,360)
		<u>(10,220,504)</u>

Given that these adjustments are non-cash accounting entries, they have had no impact on the reported cashflow, other than amendments required to adjust the loss for the year and the corresponding disclosure of non-cash provisions in the cashflow reconciliation note.

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

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(o) IMPACT OF FIRST TIME ADOPTION OF AIFRS CONTINUED

- (i) Under previous GAAP, listed securities were held at lower of cost and net realisable value and classified as other financial assets. Under AASB 139, these are classified as available-for-sale and carried at fair value. Movements in fair value are now accounted for in Equity.
- (ii) With the implementation of AIFRS, the definition of significant control with respect to an investment in an Associate has changed. Now applied to the Union's investments for the first time, this has resulted in additional entities meeting the definition of an associate, thus requiring the application of equity accounting.
- (iii) With the implementation of AIFRS, there has been increased guidance and definition of impairment indicators, as defined under AASB 136 Impairment of Assets. Accordingly, a fair value adjustment has been made to recognise the impairment in this loan receivable as at the transition date. An impairment test was again performed at 31 December 2004 and it was determined that additional impairment losses existed for which further adjustments were required.

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.

(p) FUNDAMENTAL ERROR

As noted in the 2004 financial statements, on 1 January 2004 all of the Land and Buildings carried in the books of the Union were written back to nil value. This adjustment resulted in a fundamental error being recognised in those accounts. This is referred to in more detail per note 9(b).

Prior to finalising this 2005 financial report, the Industrial Registrar has brought to the attention of the Union, certain matters pertaining to the fundamental error disclosed in the 2004 financial report. Specifically, in recognising that the said Land and Building assets were not the legal property of the Federally Registered Union, all associated income and expense items should also have been excluded from the financial report from the date that the assets were purchased by the State-Registered Union (effective 1 January 1997). As required by Australian Accounting Standards, the following income and expense items not already excluded have been removed from the Accumulated Members' Funds as at 31 December 2005 and treated as a net liability to the State-Registered Union. The basis of accounting going forward has been disclosed per Note 1(a). This adjustment has been disclosed as a fundamental error and is quantified as follows:

	Rental Income	Property Option Income	Depreciation Expense	Repairs and Maintenance	Land Tax	Net Property Income
1997	337,363	83,700	(107,370)	(51,156)	-	262,537
1998	586,327	40,040	(124,013)	(64,933)	-	437,421
1999	491,766	-	(129,055)	(67,305)	-	295,406
2000	270,562	-	(39,360)	(83,815)	-	147,387
2001	245,029	-	(82,331)	(23,333)	-	139,365
2002	378,837	-	(168,465)	(27,968)	(10,000)	172,404
2003	334,508	-	(168,949)	(57,167)	(20,292)	88,100
2004	347,778	-	-	(71,824)	(4,586)	271,368
Fundamental Error	2,992,170	123,740	(819,543)	(447,501)	(34,878)	<u>1,813,988</u>

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

	2005	2004
	\$	\$
2. REVENUE		
<i>Operating Activities</i>		
Attendance Fees	85,576	85,887
BTG Apprentices and Safety Program	236,293	233,159
Membership Contributions	7,447,213	8,253,506
Picnic Sponsorships	209,785	280,474
CFMEU Fighting Fund Receipts	409,123	163,313
Government Grants Received – Other	86,264	86,332
Interest and Investment Income	2(a) 687,316	730,809
Rents Received	-	347,778
EBA Service	158,707	120,548
Other Income	341,380	233,224
Training Courses	65,724	42,475
Shared Services Agreement	280,682	272,475
Total Revenue	<u>10,008,063</u>	<u>10,849,980</u>
<i>Non-Operating Activities</i>		
Gain on Disposal of Assets	<u>10,360</u>	<u>5,332</u>
Other Income	<u>10,360</u>	<u>5,332</u>
Total Revenue	<u>10,018,423</u>	<u>10,855,312</u>

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

	NOTE	2005 \$	2004 \$
2. REVENUE CONTINUED...			
(a) Interest revenue from			
Associates	19(b)(ii)	19,380	18,293
Other Corporations		667,936	712,516
		<u>687,316</u>	<u>730,809</u>
3. RESULT FROM ORDINARY ACTIVITIES			
i) Expenses			
Bad and Doubtful Debts Expense		-	40,000
Depreciation of Plant & Equipment	9(a)	398,953	402,929
Movement in Employee Entitlements	12	711,758	206,101
Provision for Loan Impairment – Associate	5	9,760	73,360
Rental Expense on Operating Leases		134,974	133,541
Loss on Disposal of Fixed Assets		7,877	8,781
ii) Significant expenses			
Donation	19(b)(v)	<u>7,000,000</u>	<u>-</u>
4. CASH AND CASH EQUIVALENTS			
Cash on Hand		9,150	11,150
Cash at Bank		14,133	430,533
Short Term Deposits		4,677,699	-
		<u>4,700,982</u>	<u>441,683</u>
5. TRADE AND OTHER RECEIVABLES			
Current			
Debtors		104,322	73,273
Provision for Impairment of Receivables		<u>(10,000)</u>	<u>(10,000)</u>
		94,322	63,273
Other Receivables		186,080	150,338
		<u>280,402</u>	<u>213,611</u>

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

	NOTE	2005 \$	2004 \$
5. TRADE AND OTHER RECEIVABLES CONTINUED...			
Non Current			
Advances to Associate – The Trade Union Centre Wollongong Pty Limited	(i)	429,095	419,295
Advances to Associate – Comet Training Trust	(ii)	362,544	362,544
LESS: Provision for Impairment		(113,902)	(104,142)
		<u>248,642</u>	<u>258,402</u>
Other Loans and Advances	(iii)	30,000	30,000
		<u>707,737</u>	<u>707,697</u>

- i) The funds advanced have no set repayment date. Interest is charged on the amount advanced at a rate of 4.5%. Refer note 19(c)(i).
- ii) The funds advanced have no set repayment date, with the timing of cash flows uncertain and dependent on the profitability of the associate. Each balance date an assessment of the recoverable amount is performed, with any excess over the carrying value provided for and charged to the income statement, thus ensuring that the carrying value does not exceed its recoverable amount. Refer note 19(c)(ii).
- iii) The funds advanced have no set repayment date, with the timing of cash flows uncertain and dependent on the profitability of the loan recipient. Each balance date an assessment of the recoverable amount is performed, with any excess over the carrying value provided for and charged to the income statement, thus ensuring that the carrying value does not exceed its recoverable amount.

6. FINANCIAL ASSETS

Held to Maturity Financial Assets	(a)	1,788,175	12,861,328
Available for Sale Financial Assets	(b)	4,504	5,107
		<u>1,792,679</u>	<u>12,866,435</u>
Split As:			
Current		1,788,175	12,861,328
Non-Current		4,504	5,107
		<u>1,792,679</u>	<u>12,866,435</u>

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

	2005 \$	2004 \$
6. FINANCIAL ASSETS CONTINUED...		
(a) <i>Held-to-maturity Financial Assets Comprise:</i>		
Term Deposits, Bank Bills and Other Short Term Financial Investments	<u>1,788,175</u>	<u>12,861,328</u>
(b) <i>Available for Sale Financial Assets Comprise:</i>		
Shares in Listed Corporations – at Fair Value	<u>4,504</u>	<u>5,107</u>
Available-for-sale financial assets comprise investments in the ordinary share capital of a listed entity. There are no fixed returns or fixed maturity date attached to these investments.		
7. OTHER CURRENT ASSETS		
Prepayments	<u>227,984</u>	<u>440,611</u>
8. INVESTMENT IN ASSOCIATES		
Investment in Associates	<u>476,246</u>	<u>136,919</u>

a) The Union has a 24.7% interest in The Trade Union Centre Wollongong Pty Limited, which owns and operates an office building. This Associate is a small proprietary company incorporated in Australia.

There were no impairment losses relating to the investment in the associate and no capital commitments, contingent liabilities or other commitments relating to the associate.

The following table illustrates summarised financial information relating to the Union's investment in The Trade Union Centre Wollongong Pty Limited:

Share of the Associate's Balance Sheet

Total Assets	644,106	312,872
Total Liabilities	<u>(167,960)</u>	<u>(175,953)</u>
Net Assets	<u>476,146</u>	<u>136,919</u>

Share of the Associate's Profit or Loss

Revenue	<u>29,165</u>	<u>30,786</u>
Loss after Income Tax	<u>(3,347)</u>	<u>(6,033)</u>

Share of the Associate's Increase in Equity

Asset Valuation adjustment to Deemed Cost	<u>342,674</u>	<u>-</u>
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**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
8. INVESTMENT IN ASSOCIATES CONTINUED...		
b) The Union also has an interest in the Comet Training Trust in which it holds a 50% of the issued units. The Union does not have a majority on the Board of the Trustee and accordingly does not control the Trust. Given that the Trust is in a net loss position, equity accounting has been applied to the extent of writing the investment in the Associate to its original investment of \$100. Further losses have not been provided for in light of the guarantees provided by the Directors of the Trustee company to support the Trust.		
An impairment loss has, however, been recognised on the loan funds advanced to the trust, to the extent of the Union's share of the net asset deficiency (refer note 5).		
There were no capital commitments relating to the investment in the associate and no contingent liabilities or other commitments relating to the associate.		
9. PLANT AND EQUIPMENT		
Furniture, Fittings and Equipment		
At Cost	1,598,820	1,507,401
Provision for Depreciation	(1,262,016)	(1,162,160)
	<u>336,804</u>	<u>345,241</u>
Motor Vehicles		
At Cost	1,494,250	1,569,692
Provision for Depreciation	(912,283)	(716,087)
	<u>581,967</u>	<u>853,605</u>
TOTAL PLANT & EQUIPMENT	<u>918,771</u>	<u>1,198,846</u>

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

9. PLANT AND EQUIPMENT CONTINUED...

(a) Movements in Carrying Amounts

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

	FURNITURE, FITTINGS & EQUIPMENT \$	MOTOR VEHICLES \$	TOTAL \$
Balance at Start of Year	345,241	853,605	1,198,846
Additions	91,419	50,663	142,082
Disposals	-	(23,204)	(23,204)
Depreciation/Amortisation	(99,856)	(299,097)	(398,953)
Carrying Amount at End of Year	<u>336,804</u>	<u>581,967</u>	<u>918,771</u>

(b) Correction of Fundamental Error - 2004

On 1 January 2004 all of the Land and Buildings carried in the books of the Union at \$10,196,045 were written back to nil value.

The Committee of Management had sought legal advice on the legal title of the Union's land and buildings thereon. That legal advice asserts that such assets are vested with the State Registered Union being the Construction, Forestry, Mining and Energy Union (New South Wales Branch) Construction and General Division. This advice is supported by certified Certificates of Title, which state that the owner is the New South Wales Branch, being the State Registered Union. As a consequence, the Committee of Management have adjusted the financial statements of the Federally Registered Union, being the Construction, Forestry, Mining and Energy Union, Construction and General Division, NSW Divisional Branch, so that the result for the year ended 31 December 2004 had been impacted by this correction of \$10,196,045, and thus net assets have been reduced by this amount. The full amount of the carrying value of such land and buildings remains in the State Registered Union.

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

	2005 \$	2004 \$
10. ACCOUNTS PAYABLE		
Payables – Legal Matters	912	730,859
Payables – Other	388,593	406,279
Payables – Related Parties	19(c)(iv) 2,124,497	-
	<u>2,514,002</u>	<u>1,137,138</u>

11. INTEREST-BEARING BORROWINGS

Bank overdraft	<u>295,179</u>	<u>-</u>
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The statement balance on the above bank account is actually in funds, however it has moved into overdraft after allowing for unrepresented cheques. There are no overdraft facilities made available and accordingly no rate of interest payable.

12. PROVISIONS

	PROVISION FOR ANNUAL LEAVE \$	PROVISION FOR LSL \$	OTHER EMPLOYEE ENTITLEMENTS \$	TOTAL \$
Opening balance at Start of Year	879,685	666,223	75,287	1,621,195
Additional provisions	300,675	182,156	228,927	711,758
Amounts used	(336,134)	(25,503)	(257,924)	(619,561)
Balance at End of Year	<u>844,226</u>	<u>822,876</u>	<u>46,290</u>	<u>1,713,392</u>

(a) Analysis of ageing of provisions

Current	475,000	1,385,097
Non-current	1,238,392	236,098
	<u>1,713,392</u>	<u>1,621,195</u>

(b) Number of Employees at Balance Date

92	<u>97</u>
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(c) Total Employee Benefits Attributable to:

Office Holders	210,476	177,917
Staff	1,502,916	1,443,278
	<u>1,713,392</u>	<u>1,621,195</u>

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

		2005 \$	2004 \$
13. OTHER LIABILITIES			
Funds Held in Trust		109,319	262,650
Unexpended Grants Carried Forward	14	34,336	80,037
		<u>143,655</u>	<u>342,687</u>
14. GRANTS			
Unexpended Grants Brought Forward (Net)		80,037	86,452
Grants Received		117,740	105,747
Grant Expenditures		<u>(163,441)</u>	<u>(112,162)</u>
Closing Unexpended Grants (Net)		<u>34,336</u>	<u>80,037</u>
<u>Recorded as:</u>			
Unexpended Grants Carried Forward	13	<u>34,336</u>	<u>80,037</u>
15. CAPITAL AND LEASING COMMITMENTS			
(a) OPERATING LEASE COMMITMENTS			
An operating lease commitment existed in 2004 in respect of the sub-lease of floor area within the premises situated at Wentworth Avenue, Sydney. Since July 2004 the Union was operating from substantially reduced floor space at this location on monthly tenancy. The maximum amount committed plus the maximum option is as follows:-			
The total operating lease commitment:-			
• Due within 1 year		<u>10,357</u>	<u>9,825</u>
(b) CAPITAL EXPENDITURE COMMITMENTS			
Capital expenditure commitments contracted for at the balance date – due not longer than one year:		<u>25,055</u>	<u>-</u>

This commitment relates to new IT equipment

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

	NOTE	2005 \$	2004 \$
16. 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 On Hand and at Bank	4	4,700,982	441,683
Bank Overdraft	11	(295,179)	-
BALANCE PER CASH FLOW STATEMENT		<u>4,405,803</u>	<u>441,683</u>
(b) RECONCILIATION OF OPERATING RESULT TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Loss for the Year		(8,808,060)	(10,220,504)
Non Cash Items:			
Depreciation		398,953	402,929
Investment Income – Non Cash Distribution		(19,600)	(12,776)
Net Profit on Disposal of Non Current Assets		(2,483)	(5,332)
Provision for Impairment		9,760	73,360
Provision for Bad Debts		-	(40,000)
Share of Loss of Associate	8	3,347	6,033
Correction of Fundamental Error	1 (p)	1,813,988	10,196,045
Changes in Assets and Liabilities:			
(Increase)/Decrease in Debtors		(31,049)	95,268
(Increase)/Decrease in Other Receivables		(35,742)	(16,664)
(Increase)/Decrease in Prepayments		212,627	(155,100)
Increase/(Decrease) in Creditors		(437,124)	38,494
Increase/(Decrease) in Employee Provisions		92,197	206,101
Increase/(Decrease) in Loans and Advances		9,580	-
Increase/(Decrease) in Monies in Trust		(153,331)	(26,021)
Increase/(Decrease) in Grants		(45,701)	(6,415)
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>(6,992,638)</u>	<u>535,418</u>

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

17. FINANCIAL INSTRUMENTS

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

The Union does not have any derivative instruments at balance date.

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

(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 and Equivalents	5.48	14,133	4,677,699	-	9,150	4,700,982
Other Financial Assets	5.55	-	1,788,175	-	-	1,788,175
Other Receivables	4.5	-	-	429,095	278,642	707,737
Available for Sale Assets	-	-	-	-	4,504	4,504
Total Financial Assets		14,133	6,465,874	429,095	292,296	7,201,398
Financial Liabilities						
Interest-bearing Borrowings	-	-	-	-	295,179	295,179
Accounts Payable	-	-	-	-	2,514,002	2,514,002
Total Financial Liabilities		-	-	-	2,809,181	2,809,181

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

17. FINANCIAL INSTRUMENTS CONTINUED...

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 and Equivalents	3.57	430,533	-	-	11,150	441,683
Other Financial Assets	5.34	-	12,861,328	-	-	12,861,328
Other Receivables	4.5	-	-	419,295	288,402	707,697
Available for Sale Assets	-	-	-	-	5,107	5,107
Total Financial Assets		<u>430,533</u>	<u>12,861,328</u>	<u>419,295</u>	<u>304,659</u>	<u>14,015,815</u>
Financial Liabilities						
Accounts Payable	-	-	-	-	1,137,138	1,137,138
Total Financial Liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,137,138</u>	<u>1,137,138</u>

(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 receivable or group of receivables 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.

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

	2005 \$	2004 \$
18. CONTINGENT LIABILITIES		
Estimates of the maximum amounts of contingent liabilities that may become payable in respect of:-		
- O H & S prosecution by the Union against other parties, which if unsuccessful could result in the Union having to pay legal costs.	-	20,000
- Application against the Union under Section 106 of the Industrial Relations Act 1996 for damages which the Union is defending.	-	250,000
- Application by Department of Employment and Workplace Relations to revoke Right of Entry Permits for certain individuals. The Union is defending these matters.	20,000	40,000
- Legal proceedings against the Union in the Federal Court for alleged breaches of the Workplace Relations Act. The Union is defending these matters.	100,000	-
- Legal proceedings against the Union in the Federal Court for alleged breaches of the Trade Practices Act, including damages. The Union is defending these matters.	300,000	-
	<u>420,000</u>	<u>310,000</u>

19. 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. Peter McClelland (President)	Mr. Brian Parker (Assistant Secretary)
Mr. Andrew Ferguson (Secretary)	Mr. Peter Zaboyak (Assistant Secretary)

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

Mr. M Barrios	Mr. D Greenfield	Mr. D McNamara
Mr. N Botic	Mr. T Grover	Mr. D Milutin
Mr. C Brokenborough	Mr. B Hemsworth	Mr. D Pilarinos
Mr. W Docherty	Mr. G Ioannou	Mr. J Pineiro
Mr. G Flynn	Mr. M Jones	Mr. G Preston
Mr. P Fullerton	Mr. L Lawson	Mr. L Quill
Mr. B Gay	Mr. J Magee	Mr. C Sgroi
Mr. P Genovese	Mr. M McBride	Mr. A Zdrilic

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

19. RELATED PARTY INFORMATION CONTINUED...

(b) RELATED PARTY TRANSACTIONS

Associated entities

i) Office space was rented from The Trade Union Centre Wollongong Pty Limited during the year. Commercial rent totaling \$9,580 (2004: \$10,560) were paid during the year and capitalised to the total of the loan to this entity.

ii) Interest is accrued on the loan to The Trade Union Centre Wollongong Pty Limited and capitalised. Total interest for the year was \$19,380 (2004: \$18,686).

iii) During the year the loan to the Comet Training Trust was reviewed for recoverability and resulted in an impairment loss of \$9,760 (2004: \$73,360) being charged to the Income Statement.

Other related parties

iv) Sustainment fees totaling \$539,730 (2004: \$1,057,699) were charged by the Construction, Forestry, Mining and Energy Union, Construction and General National Office during the year. The cash outflows relating to these fees were \$518,004 (2004: \$1,278,799).

v) During the year, a donation of \$7,000,000 was made to the Defend Trade Union Rights Trust ("the Trust"). The Trust falls within the definition of a "related party" for the purposes of AASB 124 by reason only of the fact that Andrew Ferguson is both a member of the key management personnel of the Union and one of seven directors on the Board of the Trustee Company and as such participates in (but does not control or jointly control) the financial and operating policy decisions of the Trust.

(c) RELATED PARTY BALANCES

Associated companies

i) As at balance date there was a loan of \$429,095 advanced to The Trade Union Centre Wollongong Pty Limited (2004: \$419,295).

ii) As at balance date there was a loan of \$362,544 advanced to the Comet Training Trust, excluding the applicable provision for impairment (2004: \$362,544).

Other related parties

iii) As at balance date, sustainment fees payable to the Construction, Forestry, Mining and Energy Union, Construction and General National Office were \$174,388 (2004: \$176,125).

iv) As at balance date, net property fees payable of \$2,124,497 (2004: NIL) were owed to the State-Registered Union being the Construction, Forestry, Mining and Energy Union (New South Wales Branch). Refer to note 1(p) for further information.

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

20. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Key Management Personnel

Mr. Peter McClelland (President)
 Mr. Andrew Ferguson (Secretary)
 Mr. Brian Parker (Assistant Secretary)
 Mr. Peter Zaboyak (Assistant Secretary)

Refer to note 19(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.

(b) Other Key Management Personnel

Mr. Michael Knott (General Manager)

(c) Total Compensation of Key Management Personnel

	2005
	\$
- Short Term Benefits	371,851
- Post Employment Benefits	38,396
- Other Long Term Benefits	4,428
- Termination benefits	20,163
	<u>434,838</u>

21. AUDITOR'S REMUNERATION

2005	2004
\$	\$

Amounts received, or due and receivable by the auditor for:

• Auditing the Financial Report	22,000	20,500
• Accounting Services	11,520	32,087
TOTAL	<u>33,520</u>	<u>52,587</u>

22. 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: 12 Railway Street, Lidcombe, NSW, 2141.

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

23. 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 7th March 2006 by the Committee of Management.

24. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of Section 272 of the RAO Schedule, the attention of members is drawn to the following:

- (1) A member of the Union, or a Registrar, may apply to the Union for specified prescribed information in relation to the Union 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 Union
- (3) The Union must comply with an application made under subsection (1).

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

25. 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) Receipts raised from members or appeals for voluntary contributions:		
Membership	7,447,213	8,253,506
CFMEU Fighting Fund Donations	409,123	163,313
Tower Crane OH&S Fund	16,931	*
Lebanese Korean Function	101,710	*
Industry OH&S	20,000	*
Truck Fund	11,500	*

All proceeds disclosed above are taken up as income and transferred into consolidated revenue at the end of each financial year, as there is no requirement to set aside these proceeds for the purposes of any specific expenditure.

(b) Donations or Grants Income 117,740 *

* Comparative disclosures not required in 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**

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

	2005	2004
	\$	\$
ITEMS OF EXPENSE		
Expenses paid to employers for payroll deduction costs incurred relating to membership contributions	285	189
Affiliation fees/subscriptions to organisations with an interest in industrial matters	35,592	*
Compulsory levies imposed on the Union	102,078	*
Donations or Grant Expenses	7,031,509	*
 Employee Benefits Expense:		
- Office Holders	300,560	291,608
- Employees (Other than Office Holders)	5,119,794	4,854,967
	<u>5,420,354</u>	<u>5,145,575</u>
 Attendance Fees/Allowances – Conferences and Meetings	12,375	85,887
Legal Costs and Related Expenses	36,317	752,769
Expenses incurred in connection with meetings of members, councils, committees, panels to other bodies for which the Union was wholly or partly responsible	2,024	*
Penalties imposed under the Act or Regulations	7,500	10,987
 OTHER BALANCES		
Transfers to consolidated income from accounts kept for specific purposes (being a reimbursement of costs incurred by the CFMEU):		
- From Tower Crane OH&S Trust from funds collected	6,915	*
- From Industry OH&S Campaign from funds collected	9,850	*
- From CFMEU C&G Fund for the purchase of a truck from Truck funds collected	11,500	*
	<u>28,265</u>	

* Comparative disclosures not required in 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**

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

	2005	2004
	\$	\$
OTHER BALANCES CONTINUED...		
- To the Fighting Fund from:		
- Tower Crane OH&S	60,000	*
- Lebanese Korean Function	57,328	*
- World Youth Festival	6,041	*
- D3 Demolition Workers	2,374	*
	<u>125,743</u>	
 BALANCE SHEET DISCLOSURES		
LIABILITIES		
Amounts payable to employees as consideration for costs relating to payroll deductions for membership contributions.	<u>-</u>	<u>-</u>
 EQUITY		
Balance of funds operated in respect of voluntary contributions collected from members:		
- No funds required to be set aside out of equity	<u>-</u>	<u>-</u>

* 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**

**26. STATEMENT OF RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY
 - CASH BASIS – FOR THE YEAR ENDED 31 DECEMBER 2005**

	\$
Cash Assets in respect of recovered money at start of year	<u>93,509</u>
RECEIPTS	
Amounts recovered from employers in respect of wages, etc.	1,332,431
Interest received on recovered money	648
TOTAL RECEIPTS	<u>1,333,079</u>
PAYMENTS	
Deductions of amounts due in respect of membership for:	
• 12 months or less	93,575
• Greater than 12 months	5,731
Deductions of donations or other contributions to account or funds of:	
• The reporting unit - Fighting Fund	27,524
• Other Entities:-	
◇ Brendan O'Sullivan Appeal	700
◇ Cuban Fund	5,040
◇ Lauren Huxley Appeal	500
◇ Iraqi Women's Appeal	100
◇ Kidney Health Australia	2,000
◇ Korean Appeal Fund	1,724
◇ Neuroscience Institute of Schizophrenia and Allied Disorders (NISAD)	4,550
◇ Picnic Fund	8,474
◇ CFMEU Truck Fund	2,600
◇ Workers Radio Fund	100
◇ ACIRT	17,895
◇ CBUSS	91,169
◇ Refund to Employers	16,522
Deductions of Fees or reimbursements of expenses	499
Payments to workers in respect of recovered money	1,135,711
TOTAL PAYMENTS	<u>1,414,414</u>
Cash Assets in respect of recovered money at end of year	<u>12,174</u>
Payments to workers attributable to recovered moneys but not yet distributed	12,174
Outstanding Membership Fees	-
Balance of Wage Claim Account	<u>12,174</u>
Reconciled Balance of Wage Claim Bank Account	<u>12,174</u>
(a) Number of workers to which receipts recovered from employers relate	557
(b) Number of workers to which undistributed wage recoveries relate	16



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990

Ref: FR2005/567

Mr Andrew Ferguson
Divisional Branch Secretary
CFMEU Construction and General Division
New South Wales Divisional Branch
Locked Bag 1
LIDCOMBE NSW 1825

Dear Mr Ferguson

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: **FR2005/547**

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
25 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