



FAIR WORK
AUSTRALIA

13 August 2010

Mr Andrew Ferguson
Secretary, New South Wales Divisional Branch
CFMEU
Locked Bag 1
LIDCOMBE NSW 1825



Dear Mr Ferguson

**Re: Lodgement of Financial Statements and Accounts – Construction and General Division,
New South Wales Branch – for year ending 31 December 2009 (FR2009/10246)**

Thank you for lodging the above financial return which was received by Fair Work Australia on 3 August 2010.

The documents have been filed but I draw your attention to the following.

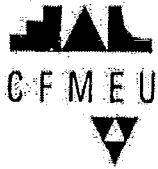
The donations amount on the Statement of Comprehensive Income was \$14,430. If this total amount included a single donation exceeding \$1,000, then I would ask you to lodge a separate statement of the relevant particulars as required by s237 of the Act, if you have not already done so.

There is no further action required in respect of this return.

Yours sincerely,

Stephen Kellett

Statutory Services Branch



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 1st June 2010; and
- That the full report was presented to the meeting of the Committee of Management of the reporting unit on 25TH June 2010; in accordance with section 266 of the RAO Schedule

25/6/10

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 2009

CONTENTS

1 -3	Operating Report
4 -5	Committee of Management Statement
6 -7	Independent Audit Report to the Members
8	Statement of Comprehensive Income
9	Balance Sheet
10	Statement of Changes in Equity
11	Cash Flow Statement
12 - 38	Notes to the Financial Statements

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 2009.

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	1/01/09 – 31/12/09	Mr B Hemsworth	COM Member	1/01/09 – 31/12/09
Mr Andrew Ferguson	Division Secretary	1/01/09 – 31/12/09	Mr G Ioannou	COM Member	1/01/09 – 31/12/09
Mr Brian Parker	Assistant Secretary	1/01/09 – 31/12/09	Mr R Jaram	COM Member	1/01/09 – 31/12/09
Mr Malcolm Tulloch	Assistant Secretary	1/01/09 – 31/12/09	Mr M Jones	COM Member	1/01/09 – 31/12/09
Mr L Abarca	COM Member	1/01/09 – 31/12/09	Mr M McAliney	COM Member	1/01/09 – 31/12/09
Mr S Andrew	COM Member	1/01/09 – 31/12/09	Mr S McBride	COM Member	1/01/09 – 31/12/09
Mr M Barrios	COM Member	1/01/09 – 31/12/09	Mr D McNamara	COM Member	1/01/09 – 31/12/09
Ms C Brokenborough	COM Member	1/01/09 – 31/12/09	Mr J Pineiro	COM Member	1/01/09 – 31/12/09
Mr J Burns	COM Member	1/01/09 – 31/07/09	Mr G Preston	COM Member	1/01/09 – 31/12/09
Mr C Chapman	COM Member	1/01/09 – 31/12/09	Mr C Sgroi	COM Member	1/01/09 – 31/12/09
Mr S Costigan	COM Member	1/01/09 – 31/12/09	Mr L Valesini	COM Member	1/01/09 – 31/12/09
Mr P Dunbar	COM Member	1/01/09 – 31/12/09	Mr W Whitney	COM Member	1/01/09 – 31/12/09
Mr P Genovese	COM Member	1/01/09 – 31/12/09	Mr A Zdrlic	COM Member	1/01/09 – 31/12/09
Mr T Grovet	COM Member	1/01/09 – 31/12/09			

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.

OPERATING REPORT (Continued)

Principal Activities (Continued)

- Representation and assistance to injured workers to assist them in respect of workers compensation and return to work.
- 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 \$482,359 (2008: loss of \$152,226).

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

There were significant changes in the Union's financial affairs during the year.

Membership of the Union

There were 19,765 active members of the Union as at 31 December 2009 (2008: 20,620).

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 Fair Work (Registered Organisations) Act 2009).

Employees of the Union

As at 31 December 2009 the Union employed 69 full time and 7 part time employees (2008: 67 full time and 5 part time employees).

OPERATING REPORT (Continued)

Superannuation Trustees

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

No other officer or member of the Union acts:

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

Signed on behalf of the Committee of Management by:


Andrew Ferguson
DIVISIONAL BRANCH SECRETARY

Dated this 17th day of May 2010.

COMMITTEE OF MANAGEMENT STATEMENT

On 26th March 2010 the Committee of Management of the Construction, Forestry, Mining and Energy Union Construction and General Division, New South Wales Divisional Branch ("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 2009:

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 General Manager of Fair Work Australia;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the 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 section 255 of the Fair Work (Registered Organisations) Act 2009 ("the RO Act") and the Fair Work (Registered Organisations) Regulations 2009;
 - (iv) no information has been sought in any request of a member of the Union or by the General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - (v) no orders for inspection of financial records have been made by Fair Work Australia or FWA under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) in relation to recovery of wages activity:
 - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager of FWA;
 - (ii) the Committee of Management caused the auditor to include in the scope of the audit required under subsection 257(1) of the Fair Work (Registered Organisations) Act 2009 all recovery of wages activity by the Union 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

COMMITTEE OF MANAGEMENT STATEMENT (continued)

- (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 17th day of May 2010.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF THE CONSTRUCTION FORESTRY MINING & ENERGY UNION, CONSTRUCTION &
GENERAL DIVISION, NEW SOUTH WALES DIVISIONAL BRANCH**

Report on the Financial Report

We have audited the accompanying financial report of the Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch ("the Union"), which comprises the Balance Sheet as at 31 December 2009 and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of the significant accounting policies and other explanatory notes and the Committee of Management Statement.

Committee of Management's Responsibility for the Financial Report

The Union's Committee of Management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 [the RO Act] (encompassing the Union's recovery of wages activity). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Audit Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee of Management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

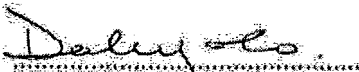
In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF THE CONSTRUCTION FORESTRY MINING & ENERGY UNION, CONSTRUCTION &
GENERAL DIVISION, NEW SOUTH WALES DIVISIONAL BRANCH**
(Continued)

AUDIT OPINION

In our opinion, the 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 Fair Work (Registered Organisations) Act 2009 (the RO Act), including:
 - (i) Giving a true and fair value of the Union's financial position as at 31 December 2009 and of its performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations); and
- (b) 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 General Manager of FWA, 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; and
- (c) The requirements imposed by Part 3 of Chapter 8 of the RO Act.


DALEY & CO
Chartered Accountants
98 Kembla Street
Wollongong, NSW 2500


M L Gleeson
Registered Company Auditor

Dated this 17th day of May 2010.

**STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2009**

	NOTE	2009 \$	2008 \$
Operating Revenue	2	8,165,363	8,412,983
Other Income	2	15,182	94,246
Employee Benefits Expense		(5,792,324)	(5,678,115)
Depreciation Expense		(273,048)	(232,119)
Sustentation Fees		(586,402)	(603,487)
Legal Fees		(159,948)	(199,281)
Donations		(14,430)	(7,305)
All Other Expenses		(1,836,752)	(1,939,148)
Result Attributable to Members Before Income Tax		(482,359)	(152,226)
Income Tax Expense	1(b)	-	-
Result Attributable to Members After Income Tax		(482,359)	(152,226)
Other Comprehensive Income:			
Net Gain/(Loss) on Revaluation of Financial Assets		154	(218)
Other Comprehensive Income for the Year		154	(218)
Total Comprehensive Income for the Year		(482,205)	(152,444)
Total Comprehensive Income Attributable to Members		(482,205)	(152,444)

The accompanying notes form part of these financial statements.

**BALANCE SHEET
 AS AT 31 DECEMBER 2009**

	NOTE	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	3,599,204	2,721,473
Trade and Other Receivables	5	228,273	157,108
Inventories	6	29,550	31,945
Other Current Assets	7	213,091	247,064
Financial Assets	8	349,639	-
TOTAL CURRENT ASSETS		<u>4,419,757</u>	<u>3,157,590</u>
NON-CURRENT ASSETS			
Trade and Other Receivables	5	346,085	393,588
Financial Assets	8	4,207	3,952
Investment in Associates	9	100	100
Plant and Equipment	10	958,872	961,739
TOTAL NON-CURRENT ASSETS		<u>1,309,264</u>	<u>1,359,379</u>
TOTAL ASSETS		<u>5,729,021</u>	<u>4,516,969</u>
CURRENT LIABILITIES			
Trade and Other Payables	11	1,127,275	952,009
Employee Benefit Provision	12	1,873,780	1,621,569
Other Current Liabilities	13	1,946,648	130,495
TOTAL CURRENT LIABILITIES		<u>4,947,703</u>	<u>2,704,073</u>
NON-CURRENT LIABILITIES			
Employee Benefit Provision	12	107,693	57,066
TOTAL NON-CURRENT LIABILITIES		<u>107,693</u>	<u>57,066</u>
TOTAL LIABILITIES		<u>5,055,396</u>	<u>2,761,139</u>
NET ASSETS		<u>1,273,625</u>	<u>1,755,830</u>
EQUITY			
Accumulated Members' Funds		1,272,888	1,755,247
Reserves	14	737	583
NET EQUITY		<u>1,273,625</u>	<u>1,755,830</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTE	Accumulated Funds \$	Available – for-Sale Investment Reserve \$	TOTAL \$
Balance at 1 January 2008		1,907,473	801	1,908,274
Loss Attributable to Members		(152,226)	-	(152,226)
Total Other Comprehensive Income for the Year	1(d)	-	(218)	(218)
Balance at 31 December 2008		1,755,247	583	1,755,830
Balance at 1 January 2009		1,755,247	583	1,755,830
Loss Attributable to Members		(482,359)	-	(497,359)
Total Other Comprehensive Income for the Year	1(d)	-	154	154
Balance at 31 December 2009		1,272,888	737	1,273,625

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2009**

	NOTE	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Contributions		6,582,549	6,724,258
Receipts from Customers		2,172,327	2,333,736
Payments to Suppliers and Employees		(7,280,788)	(9,212,332)
Interest Received		15,086	187,884
NET CASH PROVIDED BY OPERATING ACTIVITIES	15(b)	<u>1,489,174</u>	<u>33,546</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant and Equipment		(296,440)	(678,500)
Proceeds from Sale of Plant and Equipment		34,636	116,862
Payments for Held to Maturity Investments		(349,639)	-
NET CASH USED IN INVESTING ACTIVITIES		<u>(611,443)</u>	<u>(561,638)</u>
NET (DECREASE) / INCREASE IN CASH HELD		877,731	(528,092)
CASH AT THE START OF FINANCIAL YEAR		<u>2,721,473</u>	<u>3,249,565</u>
CASH AT THE END OF FINANCIAL YEAR	15(a)	<u>3,599,204</u>	<u>2,721,473</u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for the Construction Forestry Mining and Energy Union – Construction and General Division, New South Wales Divisional Branch ("the Union") as an individual entity. The Union is an organisation of employees registered under the Fair Work (Registered Organisation) Act 2009 ("the RO Act"). In accordance with the Act, the Union is a body corporate and has perpetual succession, by virtue of this method of incorporation, the Union is not subject to the Corporations Act 2001.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting 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 the RO Act.

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

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

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).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

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.

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 the Committee of Management 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.

Property, Plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Depreciation

The depreciation amount of all fixed assets including capitalised lease assets, is depreciated on a straight line basis over their useful lives to the Union commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Furniture, Fittings and Equipment	9 – 20%
Motor Vehicles	20%
Leasehold Improvements	9 – 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 income tax under s. 50-15 of the Income Tax Assessment Act

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(c) Leases

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

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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 and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Union becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

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 are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (Continued)

Fair Value

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

Impairment

At each reporting date, the Union assesses whether there is objective evidence that a financial instrument has been impaired. 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 Statement of Comprehensive Income.

(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 Statement of Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon on the assets ability to generate net cash inflows and when the Union would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

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 Sheet date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the net present value.

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

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(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) Inventories

Inventories are measured at the lower of cost and net realisable value.

(j) Revenue

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

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the balance sheet.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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).

(k) 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.

(l) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(l) Grants (Continued)

- 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 13 "Unexpended Grants Carried Forward".

(m) 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 the Fair Work (Registered Organisations) Act 2009, these voluntary contributions collected and the remaining balance of these contributions as at year end are not required to be disclosed at Note 27.

(n) Comparative Information

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

(o) 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 \$346,085 (2008: \$353,588).

(p) Adoption of New and Revised Accounting Standards

During the current year the Union adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Construction Forestry Mining and Energy Union, Construction and General Division, New South Wales Divisional Branch (The Union).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(p) Adoption of New and Revised Accounting Standards (Continued)

AASB 101: Presentation of Financial Statements

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

Disclosure impact

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

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

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

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

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

(q) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Union has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Union follows:

- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (applicable for annual reporting periods commencing from 1 January 2009) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (applicable for annual reporting periods commencing from 1 July 2009).

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

(c) New Accounting Standards for Application in Future Periods (Continued)

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).
- AASB 2009-7: Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17] (applicable for annual reporting periods commencing on or after 1 July 2009).

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

The Union does not anticipate early adoption of any of the above reporting requirements.

	NOTE	2009 \$	2008 \$
2. REVENUE			
<i>Revenue</i>			
Attendance Fees		51,817	55,442
BTG Apprentices and Safety Program		151,316	162,522
Membership Contributions		5,974,599	6,112,962
Picnic Sponsorships		288,177	253,163
CFMEU Fighting Fund Receipts		578,209	661,604
Memorial Wall Safety Program		52,050	190,189
Government Grants Received - Other		253,708	332,743
Interest and Investment Income		95,665	184,439
EBA Service		117,437	59,356
Other Income		161,501	142,720
Promotion and Advertising Reimbursements		195,354	55,202
Training Courses		-	6,943
Shared Services Agreement		245,530	195,638
Total Revenue		<u>8,165,363</u>	<u>8,412,983</u>
<i>Other Revenue</i>			
Gain on Disposal of Fixed Assets		15,182	94,246
Total Revenue		<u>8,180,545</u>	<u>8,507,229</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTE	2009 \$	2008 \$
3. RESULT FOR THE YEAR			
a) Expenses			
Bad and Doubtful Debts Expense	5	7,547	(9,624)
Provision for Loan Impairment – Associate	5	7,503	(41,248)
Rental Expense on Operating Leases		32,139	36,818
b) Significant Income and Expense			
Loan Forgiven Expense		(40,000)	-
Net Gain on Disposal of Fixed Assets		8,377	92,253
4. CASH AND CASH EQUIVALENTS			
Cash on Hand		11,050	9,500
Cash at Bank		290,521	552,497
Short Term Deposits		3,297,633	2,159,476
		<u>3,599,204</u>	<u>2,721,473</u>
5. TRADE AND OTHER RECEIVABLES			
Current			
Trade Receivables		107,741	109,559
Provision for Impairment of Receivables	(i)	(7,923)	(376)
		<u>99,818</u>	<u>109,183</u>
Other Receivables		128,455	47,925
		<u>228,273</u>	<u>157,108</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTE	2009 \$	2008 \$
5. TRADE AND OTHER RECEIVABLES (continued)			
Non Current			
Advances to Associate – Comet Training Trust	(iii)	362,544	362,544
LESS: Provision for Impairment		(16,459)	(8,956)
		<u>346,085</u>	<u>353,588</u>
Other Loans and Advances	(iv)		40,000
		<u>346,085</u>	<u>393,588</u>
		<u>574,358</u>	<u>550,696</u>

(i) Provision for Impairment of Receivables

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

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

Provision for impairment as at 31 December 2009:

– Charge for year 7,547
 – Written off -

Provision for impairment as at 31 December 2008:

– Charge for year (9,624)
 – Written off -

(ii) Credit Risk – Trade and Other Receivables

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

The receivables that have not been raised in the impairment provision are considered to be of high credit quality.

(iii) Advances to Associate – Comet Training Trust

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 Statement of Comprehensive Income, thus ensuring that the carrying value does not exceed its recoverable amount. Refer Note 19(c)(i).

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009

5. TRADE AND OTHER RECEIVABLES (Continued)

(iv) Other Loans and Advances

The funds advanced were to the Construction Forestry Mining & Energy Union Construction and General Division Tasmanian Branch. During the year ended 31 December 2009 it was approved by the Committee of Management that this loan to a related branch of the Construction Forestry Mining and Energy Union would be forgiven.

	2009	2008
	\$	\$
6. INVENTORY		
Work Apparel – At Cost	<u>20,550</u>	<u>31,045</u>
7. OTHER CURRENT ASSETS		
Prepayments	<u>213,091</u>	<u>247,064</u>
8. FINANCIAL ASSETS		
CURRENT		
Held-to-Maturity Investments (i)	<u>349,639</u>	<u>-</u>
NON CURRENT		
Available-for-Sale Financial Assets (ii)	<u>4,207</u>	<u>3,952</u>
(i) Held-to-Maturity Investments:		
– Fixed Interest Securities	<u>349,639</u>	<u>-</u>
(ii) Available-for-Sale Financial Assets:		
– Shares in Listed Corporations	<u>4,207</u>	<u>3,952</u>

Available-for-sale financial assets comprise investments in the ordinary share capital of a listed entity at fair value. There are no fixed returns or fixed maturity date attached to these investments.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 \$	2008 \$
9. INVESTMENT IN ASSOCIATES		
Investment in an Associate	<u>100</u>	<u>100</u>

The Union also has an interest in the Comet Training Trust in which it holds 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.

10. PLANT AND EQUIPMENT

Furniture, Fittings and Equipment

At Cost	1,190,401	1,142,340
Provision for Depreciation	(950,884)	(876,577)
	<u>239,517</u>	<u>265,763</u>

Motor Vehicles

At Cost	1,305,941	1,221,717
Provision for Depreciation	(593,546)	(534,478)
	<u>712,395</u>	<u>687,239</u>

Leasehold Improvements

At Cost	11,966	11,966
Provision for Amortisation	(5,006)	(3,229)
	<u>6,960</u>	<u>8,737</u>

TOTAL PLANT & EQUIPMENT

	<u>958,872</u>	<u>961,739</u>
--	----------------	----------------

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009

10. 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:-

2009	FURNITURE, FITTINGS & EQUIPMENT \$	MOTOR VEHICLES \$	LEASEHOLD IMPROVEMENTS \$	TOTAL \$
Balance at Start of Year	265,763	687,239	8,737	961,739
Additions	48,061	248,379	-	296,440
Disposals	-	(26,259)	-	(26,259)
Depreciation/Amortisation	(74,307)	(196,964)	(1,777)	(273,048)
Carrying Amount at End of Year	239,517	712,395	6,960	958,872

2008	FURNITURE, FITTINGS & EQUIPMENT \$	MOTOR VEHICLES \$	LEASEHOLD IMPROVEMENTS \$	TOTAL \$
Balance at Start of Year	285,835	243,618	10,514	539,967
Additions	47,895	690,065	-	737,960
Disposals	-	(24,609)	-	(24,609)
Depreciation/Amortisation	(67,907)	(162,435)	(1,777)	(232,119)
Carrying Amount at End of Year	265,763	687,239	8,737	961,739

	NOTE	2009 \$	2008 \$
11. TRADE AND OTHER PAYABLE			
Payables – Legal Matters		40,472	108,586
Payables – Other		146,548	157,198
Payables – Related Parties	19(c)(iii)	686,000	352,357
Sustentation Fees Payable – Related Parties	19(c)(ii)	254,195	333,868
		<u>1,127,275</u>	<u>952,009</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009**

	NOTE	2009 \$	2008 \$
12. EMPLOYEE BENEFITS PROVISION			
CURRENT			
Annual Leave		934,508	742,303
Roster Days Off		59,481	59,481
Long Service Leave		879,791	819,785
		<u>1,873,780</u>	<u>1,621,569</u>
NON CURRENT			
Long Service Leave		107,693	57,066
		<u>107,693</u>	<u>57,066</u>
		<u>1,981,473</u>	<u>1,678,635</u>

A provision is recognised for employee entitlements relating to annual and long service leave, and roster days off for employees. The calculation of the present value for future cash flows in respect of these entitlements being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1(f).

(i) Total Employee Benefits Attributable to:

Office Holders		174,689	209,658
Staff		1,806,784	1,468,977
		<u>1,981,473</u>	<u>1,678,635</u>

13. OTHER CURRENT LIABILITIES

Funds Held in Trust		1,337,812	101,199
Unexpended Grants Carried Forward	(i)	8,836	29,296
		<u>1,346,648</u>	<u>130,495</u>

(i) Unexpended Grants Carried Forward

Unexpended Grants Brought Forward (Net)		29,296	53,020
Grants Received		233,248	332,743
Grant Expenditures		(253,708)	(356,467)
Closing Unexpended Grants (Net)		<u>8,836</u>	<u>29,296</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTE	2009 \$	2008 \$
14. RESERVES			
Available-for-Sale Investment Reserve			
Opening balance		583	801
Change in fair value during the year		154	(218)
Closing balance		<u>737</u>	<u>583</u>

This reserve records unrealised gains and losses on Available-for-Sale investments measured at fair value.

15. 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 and Cash Equivalents	4	<u>3,599,204</u>	<u>2,721,473</u>
---------------------------	---	------------------	------------------

(b) Reconciliation of Cash Flow from Operations with Result

Result for the Year		(482,359)	(152,226)
Non Cash Items:			
Depreciation		273,048	232,119
Investment Income – Non-Cash Distribution		(101)	(222)
Net (Profit) / Loss on Disposal of Non-Current Assets		(8,377)	(92,253)
Provision for Impairment		7,503	(41,248)
Provision for Doubtful Debts		7,547	(9,624)
Debt Forgiveness		40,000	-
Changes in Assets and Liabilities:			
(Increase)/Decrease in Receivables		(78,712)	77,343
Decrease in Inventories		2,395	2,538
Decrease/(Increase) in Prepayments		33,973	(66,649)
Increase/(Decrease) in Creditors		175,266	(12,150)
Increase in Employee Provisions		302,838	102,859
Increase in Monies in Trust		1,236,613	16,783
(Decrease) in Grants		(20,460)	(23,724)
CASH FLOWS FROM OPERATIONS		<u>1,489,174</u>	<u>33,546</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009**

16. FINANCIAL RISK MANAGEMENT

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

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

	NOTE	2009 \$	2008 \$
Financial Assets			
Cash and cash equivalents	4	3,599,204	2,721,473
Trade and other receivables	5	574,358	550,696
Held to maturity financial assets	8	349,639	-
Available-for-sale financial assets			
– At fair value:			
– Shares in listed companies	8	4,207	3,952
Investment in an Associate	9	100	100
Total Financial Assets		<u>4,527,508</u>	<u>3,276,221</u>
Financial Liabilities			
Financial liabilities at amortised cost			
– Trade and other payables	11	1,127,275	952,009
Total Financial Liabilities		<u>1,127,275</u>	<u>952,009</u>

Financial Risk Management Policies

The Committee of Managements' overall risk management strategy seeks to assist the Union in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Specific Financial Risk Exposures and Management

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

(a) Credit risk

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

The Union does not have any material credit risk exposure as the major source of revenue is the membership levies due from the Branches.

Credit Risk Exposures

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

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009**

16. FINANCIAL RISK MANAGEMENT (Continued)

(a) **Credit risk** (continued)

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 5.

The Union has no significant concentration of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 5.

Credit risk related to balances with banks and other financial institutions is managed by the Committee of Management. Surplus funds are only invested with only invested with Australian Deposit Institutions as regulated APRA and that are currently covered by the Australian federal government's deposit guarantee. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings:

	NOTE	2009 \$	2008 \$
Cash and cash equivalents			
– AA rated		3,599,204	2,721,473
	4	3,599,204	2,721,473
Held to Maturity Securities			
– AA rated		349,639	-
	8	349,639	-

(b) **Liquidity risk**

Liquidity risk arises from the possibility that the Union might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Union manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

		WITHIN 1 YEAR \$	1 TO 5 YEARS \$	OVER 5 YEARS \$	TOTAL CONTRACTUAL CASH FLOW \$
At 31 December 2009					
Financial liabilities					
Trade & Other Payables	11	1,127,275	-	-	1,127,275
Total Expected Outflows		1,127,275	-	-	1,127,275
At 31 December 2008					
Financial liabilities					
Trade & Other Payables	11	952,009	-	-	952,009
Total Expected Outflows		952,009	-	-	952,009

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009**

16. FINANCIAL RISK MANAGEMENT (continued)

(c) Market Risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Union is also exposed to earnings volatility on floating rate instruments.

Sensitivity analysis

The following table illustrates sensitivities to the Union's exposure to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	2009	2008
	\$	\$
Change in profit		
— Increase in interest rate by 1%	36,473	21,595
— Decrease in interest rate by 1%	(36,473)	(21,595)
— Increase in listed investments by 10%	421	395
— Decrease in listed investments by 10%	(421)	(395)
Change in equity		
— Increase in interest rate by 1%	36,473	21,595
— Decrease in interest rate by 1%	(36,473)	(21,595)
— Increase in listed investments by 10%	421	395
— Decrease in listed investments by 10%	(421)	(395)

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009**

16. FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the balance sheet have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- (1) quoted prices in active markets for identical assets or liabilities (Level 1);
- (2) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- (3) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2009				
Financial Assets				
Available for Sale Financial Assets				
– listed investments	8 4,207	-	-	4,207
2008				
Financial Assets				
Available for Sale Financial Assets				
– listed investments	8 3,952	-	-	3,952

17. CAPITAL MANAGEMENT

Management controls the capital of the Union in order to maintain a good debt to equity ratio and to ensure that the Union can fund its operations and continue as a going concern.

The gearing ratios for the years ended 31 December 2009 and 31 December 2008 are as follows:

	2009	2008
	\$	\$
Trade and other payables	1,127,275	952,009
Less: Cash and cash equivalents	(3,599,204)	(2,721,473)
Current Held-to-Maturity Investments	(349,639)	-
Net debt	NIL	NIL
Total equity	1,258,625	1,755,829
Total capital	1,258,625	1,755,829
Gearing ratio	NIL	NIL

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009**

18. CONTINGENT LIABILITIES

	2009 \$	2008 \$
Estimates of the maximum amounts of contingent liabilities that may become payable in respect of:		
- The Union and specified officials are being sued for damages in an action arising from an alleged industrial dispute. The estimate maximum exposure to damages.	500,000	300,000
- Legal proceedings against the Union and two Union officials for alleged breaches of the Workplace Relations Act and interpretations of the application of the OH&S Act.	-	80,000
- Legal proceedings against the Union and one official in the Federal Magistrates Court for alleged breaches of the Workplace Relations Act. The Union is defending this matter.	14,300	36,300
- Legal proceedings against the Union and four officials in the Federal Magistrates Court for alleged breaches of the Workplace Relations Act. Estimate of exposure to penalties.	60,000	-
	<u>574,300</u>	<u>416,300</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. Malcolm Tulloch (Assistant Secretary)
Mr. Andrew Ferguson (Secretary)	Mr. Brian Parker (Assistant Secretary)

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

Mr L Abarca	Mr P Genovese	Mr D McNamara
Mr S Andrew	Mr T Grover	Mr J Pineiro
Mr M Barrio	Mr B Hamsworth	Mr G Preston
Ms C Brokenborough	Mr G Ioannou	Mr C Sgroi
Mr J Burns	Mr R Jaram	Mr L Valesini
Mr C Chapan	Mr M Jones	Mr W Whitney
Mr S Costigan	Mr M McAliney	Mr A Zdrilic
Mr P Dunbar	Mr S McBride	

Refer to the Operating Report for details of change of appointment dates and positions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

19. RELATED PARTY INFORMATION (Continued)

(b) RELATED PARTY TRANSACTIONS

Associated entities

- i) During the year the loan to the Comet Training Trust was reviewed for recoverability and resulted in an impairment provision of \$7,503 (2008: \$41,248 write back) being added to the Statement of Comprehensive Income.

Other related parties

- ii) Sustentation fees totalling \$586,402 (2008: \$603,487) were paid/payable to the Construction, Forestry, Mining and Energy Union, Construction and General National Office during the year. The cash outflows (including GST) relating to these fees was \$732,683 (2008: \$625,849).
- iii) From time to time the Construction, Forestry, Mining and Energy Union, Construction and General National Office incurs expenditures on behalf of a number of divisions and branches of the CFMEU, including the Union. These expenditures are then reimbursed at cost and hence they are not considered to be related party transactions that require further disclosure.
- iv) The Union collects rental income and makes property related payments on behalf of the State-Registered Union being the Construction, Forestry, Mining and Energy Union (New South Wales Branch). These transactions flow directly through to the State-Registered Union without adjustment, having no Statement of Comprehensive Income effect and hence are not considered to be related party transactions that require further disclosure.
- v) \$11,070 (2008: \$5,178) was charged (net of GST) by the Construction, Forestry, Mining and Energy Union, Construction and General National Office for the establishment and continued operation of the Darwin Branch. The costs were charged to a number of divisions and branches of the CFMEU, based on financial member numbers.

(c) RELATED PARTY BALANCES

Associated entities

- i) As at balance date there was a loan of \$362,544 previously advanced to the Comet Training Trust, excluding the applicable provision for impairment (2008: \$362,544). Refer Note 5.

Other related parties

- ii) As at balance date, sustentation fees payable to the Construction, Forestry, Mining and Energy Union, Construction and General National Office were \$254,195 (2008: \$333,868).
- iii) As at balance date, net property fees payable of \$686,060 (2008: \$352,357) referred to above at item (b)(iv), were owed to the State-Registered Union being the Construction, Forestry, Mining and Energy Union (New South Wales Branch).
- iv) As at balance date, amounts payable of \$1,573 (including GST) (2008: \$NIL) were owed to the Construction, Forestry, Mining and Energy Union, Construction and General National Office in respect of Darwin Office expenses, refer item (b)(v) above.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009**

20. KEY MANAGEMENT PERSONNEL COMPENSATION

Total Compensation of Key Management Personnel

	2009	2008
	\$	\$
Short Term Benefits	401,680	445,788
Post Employment Benefits	51,403	59,415
Other Long Term Benefits	12,719	13,368
Termination benefits	17,329	22,095
	<u>483,131</u>	<u>540,666</u>

21. AUDITOR'S REMUNERATION

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

• Auditing the Financial Report	20,000	20,000
• Accounting Services	19,588	17,769
TOTAL	<u>39,588</u>	<u>37,769</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.

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 26th March 2010 by the Committee of Management.

24. SEGMENT REPORTING

The Union operates as a registered trade union in the building and construction industry. It provides union membership and services to the employees within this industry throughout the state of New South Wales.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009**

25. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of (1), (2) and (3) of Section 272 of the Registration and Accountability of Organisations Schedule (Schedule 1 to the Fair Work (Registered Organisations) Act 2009 (the RO Act) which reads as follows:-

- (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).

26. ADDITIONAL DISCLOSURES REQUIRED UNDER THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

In accordance with the requirements of section 255 of the Fair Work (Registered Organisations) Act 2009 (the RO Act), the following necessary disclosures are made:

	2009	2008
	\$	\$
PROFIT AND LOSS DISCLOSURES		
ITEMS OF REVENUE		
(a) Entrance fees or periodic subscriptions in respect of membership of the organisation:	5,974,599	6,112,962
(b) Compulsory levies raised from the members or as appeals for voluntary contributions for the furtherance of particular purposes:		
- CFMEU Fighting Fund Donations	578,209	661,664
- Tower Crane OH&S Fund	11,832	19,011
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.		
(c) Donations or Grants	233,248	332,748

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009

26. ADDITIONAL DISCLOSURES REQUIRED UNDER THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009 (Continued)

	2009 \$	2008 \$
ITEMS OF EXPENSE		
Expenses incurred as consideration for employers making payroll deductions of membership subscriptions	181	143
Fees and periodic subscriptions in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters	45,969	45,460
Grants or donations	253,708	363,772
Employee Benefits to:		
- Holders of office	449,407	388,308
- Employees (Other than holders of office)	3,889,482	4,088,128
	<u>4,338,889</u>	<u>4,476,436</u>
Fees or allowances to persons in respect of their attendance as representatives of the Union at conferences or other meetings	6,966	3,953
Legal costs and other expenses related to litigation or other legal matters	159,448	199,281
Expenses incurred in connection with meetings of members of the Union and any conferences or meeting of councils, committees, panels or other bodies for the holding of which the Union was wholly or partly responsible	16,418	2,304
Penalties imposed on the Union under the Act or Regulations	46,217	9,555

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009

26. ADDITIONAL DISCLOSURES REQUIRED UNDER THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009 (continued)

	2009 \$	2008 \$
ITEMS OF EXPENSE (continued)		
OTHER BALANCES		
Transfers to a fund or account kept for a specific purpose by the Union or withdrawals from such a fund or account (being a reimbursement of costs incurred by the CFMEU):		
- From Visa Workers	7,022	-
- From Waterloo Tragedy	120	-
- From Wage Claims to Visa Workers Fund	-	5,520
	<u>7,142</u>	<u>5,520</u>
- To the Fighting Fund from:		
- Visa Workers	7,022	-
- Waterloo Tragedy	120	-
- ALP Election Fund	-	-
	<u>7,142</u>	<u>-</u>
- From the Fighting Fund to:		
- ALP Election Fund	-	5,000
	<u>-</u>	<u>5,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009**

**27. STATEMENT OF RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY
 - CASH BASIS - FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009 \$	2008 \$
Cash Assets in respect of recovered money at beginning of year	(18)	(58)
RECEIPTS		
Amounts recovered from employers in respect of wages etc	4,037,611	1,731,954
Interest received on recovered money	4	183
TOTAL RECEIPTS	4,037,615	1,732,137
PAYMENTS		
Deductions of amounts due in respect of membership for:		
• 12 months or less	132,387	77,130
• Greater than 12 months	412	1,260
Deductions of donations or other contributions to accounts or funds of:		
• The reporting unit - Fighting Fund	114,559	46,955
• Other Entities:-		
◊ Australian Taxation Office - Withholding Tax	45,566	-
◊ Cuban Fund	-	200
◊ ACIRT	10,162	105,797
◊ C Bus	70,683	270,565
◊ Refund to Employers	1,089	206
Deductions of Fees or reimbursements of expenses	52	143
Payments to workers in respect of recovered money	3,661,725	1,229,841
TOTAL PAYMENTS	4,036,636	1,732,097
Cash Assets in respect of recovered money at end of year	962	(18)
Bank fees to be reimbursed	(66)	(18)
Balance of Wage Claim Account	1,026	(18)
Reconciled Balance of Wage Claim Bank Account	962	(18)
(a) Number of workers to which receipts recovered from employers relate	345	628
(b) Number of workers to which undistributed wage recoveries relate	1	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

28. CHANGE IN ACCOUNTING POLICY

Current -v- Non-Current Split of Leave Provisions

Under the IASB improvements project, AASB 119 Employee Entitlements has amended the definitions and commentary relating to "short term" and "other long term" employee benefits to make it clear that it is the timing of the employee's entitlement to the benefit rather than the expected timing of the settlement of the benefit that must be the basis of the classification. Therefore, such a balance should be classified as short term because the employee is entitled to be compensated for the leave within 12 months of them rendering the service. The relevant clarification amendments to AASB 119 are contained in Omnibus 2008-5 which is applicable to financial years beginning on or after 1 January 2009.

These amendments have required changes to employee entitlement disclosures within the financial report – specifically to the current versus non-current split of liabilities in the Balance Sheet. However, there has been no direct impact on recognition and measurement criteria amounts included in the financial report.

This change in accounting policy has increased the current liabilities in the 2008 balance sheet from \$609,269 to \$1,621,569. Correspondingly, the total non-current provisions have decreased from \$1,069,366 to \$57,066.

11 January 2010

Mr Andrew Ferguson
Secretary, New South Wales Branch, Construction and General Division
Construction, Forestry, Mining and Energy Union
Locked Bag 1
LIDCOMBE NSW 1825



Fair Work
Australia



Dear Mr Ferguson

**Lodgment of Financial Statements and Accounts –
New South Wales Branch, Construction & General Division - for year ended 31 December 2009
(FR2009/10246)**

The financial year of the New South Wales Branch, Construction & General Division, has recently ended. This is a courtesy letter to remind you of the obligation to prepare the reporting unit's financial documents and to lodge audited financial accounts and statements with Fair Work Australia within the prescribed time frame unless a 1 month extension or an application for a certificate of exemption under the *Fair Work (Registered Organisations) Act 2009* ('the RO Act') is applied for and granted.

The documents you must lodge include:

(i) A *general purpose financial report* [see section 253(2)]; (ii) A *Committee of Management statement* (see the General Manager's Reporting Guidelines); (iii) An *operating report* [see section 254(2)]; (iv) An *auditor's report* [see sections 257(5) to 257(11)]; and (v) A *certificate* of the *secretary or other designated officer* [see section 268(c)].

I draw your particular attention to

(a) s237 which requires you to prepare and lodge *a separate statement* providing the prescribed particulars of any loan, grant or donation made during the year which exceeds \$1,000;

(b) s265(5) which requires you to publish or otherwise *provide your members with completed/signed copies* of the audited accounts, report and statements before final presentation and lodgment; and

(c) s266 which requires you to *present the completed documents to an eligible meeting* (either of the members or of the committee, whichever applies). Note that this meeting is distinct from any initial committee meeting convened to prepare, sign or otherwise approve pre-audited documents.

Relevant references may be found at <http://www.fwa.gov.au/index.cfm?pagename=regorgsfrguidelines> and <http://www.fwa.gov.au/index.cfm?pagename=legislationfwroact>. If you are in any doubt as to the requirements or wish to clarify any aspect of the relevant legislation, or anticipate any difficulty in complying with the requirements, do not hesitate to contact Fair Work Australia.

Yours sincerely,

Stephen Kellett
Statutory Services Branch

Fair Work Australia
Level 8, 80 William Street
EAST SYDNEY NSW 2011

Telephone: (02) 8374 6666/ Mobile :
0429 462 979
Facsimile: (02)9380 6990
Email : stephen.kellett@fwa.gov.au
Internet : www.fwa.gov.au