



FAIR WORK
AUSTRALIA

4 July 2011

Mr Michael Knott
General Manager, New South Wales Construction and General Divisional Branch
Construction, Forestry, Mining and Energy Union
Locked Bag 1
LIDCOMBE NSW 1825

Dear Mr Knott



Lodgment of Financial Accounts and Statements - Construction, Forestry, Mining and Energy Union, Construction and General Division, New South Wales Branch (FR2010/2846)

Thank you for lodging the abovementioned financial accounts and statements which were received by Fair Work Australia on 8 June 2011.

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

An amount of \$458,293 is disclosed at Note 23 on page 28 as the total of Grants or Donations expended. However, the Statement under s237 lodged by the Secretary on 8 June 2011 listed the particulars of the donations exceeding \$1,000 only. The total amount of donations listed amounted to a little over \$291,000 which corresponded to the amount of donations recorded on the Statement of Comprehensive Income (\$295,393).

However, section 237 requires that the particulars of any grant exceeding \$1,000 should also be included on statements under that section. Both grants and donations are subject to this provision.

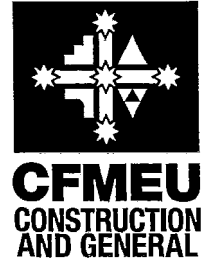
Accordingly, I would ask that if the balance of grants encompassed by the figure of \$458,293 included any individual grant exceeding \$1,000, that a supplementary statement under s237 showing the prescribed particulars be lodged at your earliest opportunity.

Yours sincerely,

Stephen Kellett
Statutory Services Branch
Fair Work Australia

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION
NEW SOUTH WALES BRANCH**

FR2010/2846



2 June, 2011

Fair Work Australia,
Statutory Services Branch
Level 8
80 William Street
East Sydney
NSW 2011



ATTENTION STEPHEN KELLETT

Dear Sir

Re: **Financial Statements in respect of
Financial year ending 31 December 2010**

Please find enclosed the Financial Statements for the Construction, Forestry, Mining and Energy Union New South Wales Divisional Branch Construction and General Division, Secretary's Certificate and Statement of Loans, Grants and Donations.

It would be appreciated if you could provide acknowledgment in writing of your receipt of these returns.

Yours faithfully

A handwritten signature in black ink, appearing to be "Michael Knott".

MICHAEL KNOTT
General Manager

Construction Forestry
Mining and Energy Union
New South Wales Branch

Malcolm Tulloch
State Secretary
Peter McClelland
State President

NSW Branch
12 Railway Street
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Certificate of Secretary

**S268 of Fair Work (Registered Organisations) Act 2009
(FWA (RAO) Act 2009)**

I, Malcolm Tulloch, 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 FWA (RAO Act) 2009; and
- That the full report was provided to members on 5th May, 2011; and
- That the full report was presented to the meeting of the Committee of Management of the reporting unit on 27th May, 2011; in accordance with section 266 of the (RAO Act) 2009



..... 2/6/10

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 2010**

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OPERATING REPORT (Continued)

Principal Activities

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

- Implementation of Divisional Executive Decisions.
- Maintenance of Union Rules, Registrations and Affiliations.
- 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.
- 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 of the Union for the financial year was a loss of \$2,118,476 (2009: \$482,359).

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 no significant changes in the financial affairs of the Union during the year.

Membership of the Union

There were 20,206 members of the Union as at 31 December 2010 (2009: 19,765).

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 2010 the Union employed 67 full time employees and 4 part time employees (2009: 69 full time and 7 part time employees).

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 2010.

Committee of Management

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

Name	Position	Period of Appointment
Mr Peter McClelland	Division President	1/01/10 – 31/12/10
Mr Malcolm Tulloch	Division Secretary ^(a)	1/01/10 – 31/12/10
Mr Andrew Ferguson	Division Secretary ^(b)	1/01/10 – 05/10/10
Mr Brian Parker	Assistant Secretary	1/01/10 – 31/12/10
Mr Rebel Hanlon	Assistant Secretary ^(c)	5/10/10 – 31/12/10
Mr Luis Abarca	COM Member	1/01/10 – 31/12/10
Mr Scott Andrew	COM Member	1/01/10 – 31/12/10
Mr Mario Barrios	COM Member	1/01/10 – 31/12/10
Mr Ivan Blazevic	COM Member	1/01/10 – 31/12/10
Ms Cath Brokenborough	COM Member	1/01/10 – 31/12/10
Mr John Burns	COM Member	1/01/10 – 31/12/10
Mr Colin Chapman	COM Member	1/01/10 – 31/12/10
Mr Steve Costigan	COM Member	1/01/10 – 31/12/10
Mr Bilal Darwiche	COM Member	29/01/10 – 31/12/10
Mr Peter Dunbar	COM Member	1/01/10 – 31/12/10
Mr Peter Genovese	COM Member	1/01/10 – 31/12/10
Mr Tom Grover	COM Member	1/01/10 – 31/12/10
Mr Mohamed Hammoud	COM Member	26/03/10 – 31/12/10
Mr Barry Hemsworth	COM Member	1/01/10 – 31/12/10
Mr Georgios Ioannou	COM Member	1/01/10 – 31/12/10
Mr Riini Jaram	COM Member	1/01/10 – 31/12/10
Mr Munro Jones	COM Member	1/01/10 – 31/12/10
Mr Michael McAliney	COM Member	1/01/10 – 31/12/10
Mr Stephen McBride	COM Member	1/01/10 – 31/12/10
Mr Denis McNamara	COM Member	1/01/10 – 31/12/10
Mr Jose Pineiro	COM Member	1/01/10 – 25/06/10
Mr Garry Preston	COM Member	1/01/10 – 31/12/10
Mr Claude Sgroi	COM Member	1/01/10 – 31/12/10
Mr Larry Valesini	COM Member	1/01/10 – 31/12/10
Mr Warren Whitney	COM Member	1/01/10 – 31/12/10
Mr Ante Zdrilic	COM Member	1/01/10 – 31/12/10

^(a) Appointed Division Secretary on 5 October 2010. Prior to this held the position of Joint Assistant Secretary.

^(b) Resigned as Division Secretary and COM Member on 5 October 2010.

^(c) Appointed Joint Assistant Secretary and COM Member on 5 October 2010.

OPERATING REPORT (Continued)

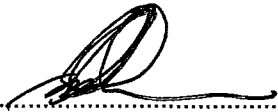
Superannuation Trustees

Mr A Ferguson was the Secretary of the Union up until his resignation on 5 October 2010. He 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:



.....
Malcolm Tulloch
Division Secretary

Dated this 29th day of April 2011.

COMMITTEE OF MANAGEMENT STATEMENT

On 11th of February, 2011 the Committee of Management of 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 2010:

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;
- (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; and
 - (ii) The financial affairs of the Union have been managed in accordance with the rules of the Union; and
 - (iii) The financial records of the Union have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 ('The RO Act') and the Fair Work (Registered Organisations) Regulations 2009; and
 - (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; and


COMMITTEE OF MANAGEMENT STATEMENT

Continued...

- (f) In relation to recovery of wages activity:
- (i) the financial report on recovery of wages activity has been fully 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
 - (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
Division President


.....
Malcolm Tulloch
Division Secretary

Dated this 29th day of April 2011.

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

	NOTE	2010 \$	2009 \$
Revenue	2	8,273,901	8,165,363
Other Income	2	33,229	15,182
Employee Benefits Expense		(5,998,920)	(5,792,324)
Depreciation Expense		(290,069)	(273,048)
Sustentation Fees		(576,264)	(586,402)
Legal Fees		(1,184,932)	(159,948)
Donations		(295,393)	(14,430)
All Other Expenses		(2,080,028)	(1,836,752)
Result Before Income Tax		<u>(2,118,476)</u>	<u>(482,359)</u>
Income Tax Expense	1(k)	-	-
Result for the Year	3	<u>(2,118,476)</u>	<u>(482,359)</u>
Other Comprehensive Income:			
Net (Loss)/Gain on Revaluation of Financial Assets		<u>(154)</u>	<u>154</u>
Other Comprehensive Income for the Year		<u>(154)</u>	<u>154</u>
Total Comprehensive Income for the Year		<u>(2,118,630)</u>	<u>(482,205)</u>

The accompanying notes form part of these financial statements

**BALANCE SHEET
 AS AT 31 DECEMBER 2010**

	NOTE	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	1,472,474	3,599,204
Trade and Other Receivables	5	197,852	228,273
Inventories	6	7,594	29,550
Financial Assets	7	204,827	349,639
Other Assets	8	401,636	213,091
TOTAL CURRENT ASSETS		<u>2,284,383</u>	<u>4,419,757</u>
NON-CURRENT ASSETS			
Trade and Other Receivables	5	290,071	346,085
Financial Assets	7	4,190	4,207
Investments in Associates	9	100	100
Property, Plant and Equipment	10	1,038,982	958,872
TOTAL NON-CURRENT ASSETS		<u>1,333,343</u>	<u>1,309,264</u>
TOTAL ASSETS		<u>3,617,726</u>	<u>5,729,021</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	11	1,836,075	1,127,275
Borrowings	12	256,672	-
Short-term Provisions	13	2,073,692	1,873,780
Other Current Liabilities	14	234,634	1,346,648
TOTAL CURRENT LIABILITIES		<u>4,401,073</u>	<u>4,347,703</u>
NON-CURRENT LIABILITIES			
Long-term Provisions	13	61,658	107,693
TOTAL NON-CURRENT LIABILITIES		<u>61,658</u>	<u>107,693</u>
TOTAL LIABILITIES		<u>4,462,731</u>	<u>4,455,396</u>
NET ASSETS (LIABILITIES)		<u>(845,005)</u>	<u>1,273,625</u>
EQUITY			
Reserves	15	583	737
Retained Earnings		(845,588)	1,272,888
TOTAL EQUITY (DEFICIENCY)		<u>(845,005)</u>	<u>1,273,625</u>

The accompanying notes form part of these financial statements

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

	Retained Earnings \$	Available for Sale Investment Reserve \$	Total \$
Balance at 1 January 2009	1,755,247	583	1,755,830
Total Comprehensive Income for the Year			
Result for the year	(482,359)	-	(482,359)
<i>Other Comprehensive Income</i>			
Net increase in value of Available-for-Sale financial assets	-	154	154
Total Other Comprehensive Income	-	154	154
Balance at 31 December 2009	1,272,888	737	1,273,625
Total Comprehensive Income for the Year			
Result for the year	(2,118,476)	-	(2,118,476)
<i>Other Comprehensive Income</i>			
Net decrease in value of Available-for-Sale financial assets	-	(154)	(154)
Total Other Comprehensive Income	-	(154)	(154)
Balance at 31 December 2010	(845,588)	583	(845,005)

The accompanying notes form part of these financial statements

**CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2010**

	NOTE	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Membership Levies Received		5,987,955	6,582,549
Other Receipts		2,841,837	2,172,327
Payment to Suppliers and Employees		(11,254,112)	(7,280,788)
Interest Received		259,780	15,086
Net cash (used in) / generated from operating activities	16(b)	<u>(2,164,540)</u>	<u>1,489,174</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment		51,378	34,636
Purchase of Property, Plant and Equipment		(415,052)	(296,440)
Payments for Held to Maturity Investments		-	(349,639)
Proceeds for Held to Maturity Investments		144,812	-
Net cash used in investing activities		<u>(218,862)</u>	<u>(611,443)</u>
Net (decrease) / increase in cash held		(2,383,402)	877,731
Cash and cash equivalents at the start of the financial year		<u>3,599,204</u>	<u>2,721,473</u>
Cash and cash equivalents at the end of the financial year	16(a)	<u>1,215,802</u>	<u>3,599,204</u>

The accompanying notes form part of these financial statements

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers 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 RO 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 Construction Forestry Mining And Energy Union, Construction and General Division, New South Wales Divisional Branch has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 January 2010.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards' reduced disclosure requirements 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 financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

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 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Continued...

Accounting Policies

a) Going Concern

This Financial Report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In 2009 and 2010 the Union experienced significant operating losses of \$482,359 and \$2,118,476 respectively. As at the 31 December 2010 balance date:

- There is a net asset deficiency of \$845,005 (2009: net assets of \$1,273,625); and
- There is a net deficiency in current assets of \$2,116,690 (2009: net current assets of \$72,054).

Included in current liabilities as at 31 December 2010 is an amount payable to the Construction Forestry Mining and Energy Union (New South Wales Branch) Construction and General Division to the amount of \$1,317,973 (2009: \$686,060). The Union's Committee of Management received confirmation from the Construction Forestry Mining and Energy Union (New South Wales Branch) Construction and General Division that they will support the Federally Registered Union financially for 24 months from date of signing this report, including that they have the financial capacity to do so and that they would not require settlement of this liability until at least after this date.

As a result of the above the Committee of Management believe that the Union will continue as a going concern.

b) Revenue

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

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

c) Inventories

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

d) Property, Plant and Equipment

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

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by 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.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Continued...

d) Property, Plant and Equipment

Continued...

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	9 - 20%
Furniture, Fittings and Equipment	9 - 20%
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Asset classes 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 Statement of Comprehensive Income.

e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is 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 Union 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 on a straight-line basis over the lease term.

f) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Union commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Continued...

f) Financial Instruments

Continued...

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

i. Financial Assets at Fair Value through Profit or Loss

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

ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

iii) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Union's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting period.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Continued...

f) Financial Instruments

Continued...

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

iv) *Available-for-Sale Financial Assets*

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

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets).

v) *Financial Liabilities*

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

Fair Value

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

Impairment

At the end of each reporting period, 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.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Union no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g) **Impairment of Assets**

At the end of each reporting period, the Union reviews the carrying values of its tangible and intangible 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.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Continued...

g) Impairment of Assets

Continued...

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 entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset. Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

h) Employee Benefits

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

i) Cash and Cash Equivalents

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

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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

k) Income Tax

No provision for income tax has been raised as the Union is exempt from income tax under s. 50-15 of the Income Tax Assessment Act 1997.

l) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of future economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the period.

m) Trade and Other Payables

Trade and other payables represent the liability outstanding at reporting date for goods and services received by the Union during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Continued...

n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

o) 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; or
- 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".

p) 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 wage claims, 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 14. Under the requirements of the Fair Work (Registered Organisations) Act 2009, these voluntary contributions collected from appeals and the remaining balances of these contributions as at year end are not required to be disclosed at Note 23.

q) Comparatives

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

Where the Union applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a Balance Sheet as at the beginning of the earliest comparative period will be disclosed.

r) Critical Accounting Estimates and Judgments

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Continued...

r) Critical Accounting Estimates and Judgments

Continued...

Key Estimates – Impairment

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

Key Estimates – Liabilities For Legal Disputes

The Union assesses at each reporting date its liability and contingent liability for its legal disputes it is currently involved in. These liabilities are calculated based on available information supplied by legal professionals external from the Union.

	2010 \$	2009 \$
2. REVENUE AND OTHER INCOME		
Revenue		
Service Revenue		
Membership Levies	5,987,955	5,974,599
BTG Apprentices and Safety Program	110,598	151,316
Memorial Wall Safety Program	48,881	52,050
Fighting Fund Receipts	407,012	578,209
Donations from Other Union Movements	193,886	-
Attendance Fees	65,149	51,817
Promotion and Advertising Reimbursements	180,056	195,354
EBA Services	64,001	117,437
	<u>7,057,538</u>	<u>7,120,782</u>
Other Revenue		
Interest and Investment Revenue	169,220	95,665
Other Income	321,168	161,501
Picnic Sponsorships	203,434	288,177
Grant Income	162,900	253,708
Shares Services Agreement	359,641	245,530
	<u>1,216,363</u>	<u>1,044,581</u>
Total Revenue	<u>8,273,901</u>	<u>8,165,363</u>
Other Income		
Gain on Disposal of Property, Plant and Equipment	<u>33,229</u>	<u>15,182</u>
Total Revenue and Other Income	<u><u>8,307,130</u></u>	<u><u>8,180,545</u></u>

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

	NOTE	2010 \$	2009 \$
3. RESULT FOR THE YEAR			
(a) Expenses			
Provision for Loan Impairment - Associate		56,014	7,503
Loss on Disposal of Property, Plant and Equipment		26,724	6,804
Contributions to Defined Contribution Superannuation Funds		769,130	714,534
Contributions to Defined Contribution Redundancy Funds		145,477	148,607
(b) Significant Revenue and Expenses			
The following significant revenue and expense items are relevant in explaining the financial performance:			
Legal Fees		1,184,932	159,948
Loan Forgiven Expense		-	40,000
4. CASH AND CASH EQUIVALENTS			
Cash on Hand		10,300	11,050
Cash at Bank		77,586	290,521
Short Term Deposits		1,384,588	3,297,633
		<u>1,472,474</u>	<u>3,599,204</u>
5. TRADE AND OTHER RECEIVABLES			
Current			
Trade Receivables		96,307	107,741
Provision for Impairment of Receivables	(i)	-	(7,923)
		<u>96,307</u>	<u>99,818</u>
Other Receivables		101,545	128,455
		<u>197,852</u>	<u>228,273</u>
Non-Current			
Advances to Associate – Comet Training Trust	(ii)	362,544	362,544
Provision for Impairment of Advance		(72,473)	(16,459)
		<u>290,071</u>	<u>346,085</u>
Total Trade and Other Receivables		<u>487,923</u>	<u>574,358</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.

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

5. TRADE AND OTHER RECEIVABLES

Continued...

(i) Provision for Impairment of Receivables

Continued...

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

	NOTE	2010 \$	2009 \$
Provision for Impairment at Start of Year		7,923	376
- Charge for year		-	7,547
- Written off		(7,923)	-
Provision for Impairment at End of Year		<u>-</u>	<u>7,923</u>

(ii) 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. At 31 December 2010 \$56,014 was charged as an Impairment expense (2009: \$7,503). Refer Note 18(c)(i).

	NOTE	2010 \$	2009 \$
6. INVENTORIES			
Inventories - At Cost	1(c)	<u>7,594</u>	<u>29,550</u>
7. FINANCIAL ASSETS			
Current			
Held-to-Maturity Financial Assets	(a)	<u>204,827</u>	<u>349,639</u>
Non-Current			
Available for Sale Financial Assets	(b)	<u>4,190</u>	<u>4,207</u>
		<u>209,017</u>	<u>353,846</u>
(a) Held-to-Maturity Financial Assets comprise:			
- Term Deposits		<u>204,827</u>	<u>349,639</u>
(b) Available-for-Sale Financial Assets comprise:			
- Listed investments, at fair value		<u>4,190</u>	<u>4,207</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 dates attached to this investment.

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

	2010 \$	2009 \$
8. OTHER ASSETS		
Prepayments	392,836	213,091
Security Bond	8,800	-
	<u>401,636</u>	<u>213,091</u>

9. INVESTMENT IN ASSOCIATES

Investment in an Associate	<u>100</u>	<u>100</u>
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The Union 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).

At balance date there were no capital commitments relating to the investment in the associate and no contingent liabilities or other commitments relating to the associate.

	2010 \$	2009 \$
10. PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment		
Motor Vehicles		
At Cost	1,242,959	1,305,941
Less Accumulated Depreciation	(668,964)	(593,546)
	<u>573,995</u>	<u>712,395</u>
Furniture, Fittings and Equipment		
At Cost	1,415,256	1,190,401
Less Accumulated Depreciation	(955,452)	(950,884)
	<u>459,804</u>	<u>239,517</u>
Leasehold Improvements		
At Cost	11,966	11,966
Less Accumulated Depreciation	(6,783)	(5,006)
	<u>5,183</u>	<u>6,960</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>1,038,982</u>	<u>958,872</u>

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

10. PROPERTY, PLANT AND EQUIPMENT

Continued...

(a) Movements in Carrying Amounts

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

2010	Opening WDV \$	Additions \$	Disposals \$	Depreciation Expense \$	Closing WDV \$
Motor Vehicles	712,395	88,611	(18,151)	(208,860)	573,995
Furniture, Fittings and Equipment	239,517	326,441	(26,722)	(79,432)	459,804
Leasehold Improvements	6,960	-	-	(1,777)	5,183
	<u>958,872</u>	<u>415,052</u>	<u>(44,873)</u>	<u>(290,069)</u>	<u>1,038,982</u>

	2010 \$	2009 \$
11. TRADE AND OTHER PAYABLES		
Payables - Legal Matters	80,500	40,472
Payables - Other	97,884	146,548
Payables - Related Parties	18(c)(iii) 1,317,973	686,060
Sustentation Fees Payable - Related Parties	18(c)(ii) 339,718	254,195
	11(a) <u>1,836,075</u>	<u>1,127,275</u>

Included in the above are the following superannuation amounts payable as at balance date:

- Officers	-	-
- All Other Employees	-	-
	<u>-</u>	<u>-</u>

(a) Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables		1,836,075	1,127,275
Less deferred income		-	-
Financial liabilities as trade and other payables	19	<u>1,836,075</u>	<u>1,127,275</u>

12. BORROWINGS

CURRENT

Secured

Bank Overdraft ^(a)		<u>256,672</u>	<u>-</u>
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(a) The Union's General Cheque Account is in bank overdraft by virtue of unrepresented cheques at Balance Date. The bank account balance at 31 December 2010 was in funds to the amount of \$470,743.

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

	NOTE	2010 \$	2009 \$
13. PROVISIONS			
Employee Benefits		<u>2,135,350</u>	<u>1,981,473</u>
Analysis of Total Provisions			
Current		2,073,692	1,873,780
Non-Current		<u>61,658</u>	<u>107,693</u>
		<u>2,135,350</u>	<u>1,981,473</u>

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to rostered days off, annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 of the financial statements.

(a) Employee Benefits Attributable to:

Office Holders		218,027	174,689
Staff		<u>1,917,323</u>	<u>1,806,784</u>
		<u>2,135,350</u>	<u>1,981,473</u>

14. OTHER CURRENT LIABILITIES

Funds Held in Trust		215,021	1,337,812
Unexpended Grants Carried Forward	(i)	<u>19,613</u>	<u>8,836</u>
		<u>234,634</u>	<u>1,346,648</u>

(i) Unexpended Grants Carried Forward

Unexpended Grants Brought Forward (Net)		8,836	29,296
Grants Received		162,900	233,248
Grant Expenditures		<u>(152,123)</u>	<u>(253,708)</u>
Closing Unexpended Grants (Net)		<u>19,613</u>	<u>8,836</u>

15. RESERVES

The available for sale investment reserve records unrealised gains and losses on Available-for-Sale Investments measured at fair value.

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

	NOTE	2010 \$	2009 \$
16. CASH FLOW INFORMATION			
(a) Reconciliation of Cash			
Cash and Cash Equivalents	4	1,472,474	3,599,204
Bank Overdraft	12	(256,672)	-
		1,215,802	3,599,204
(b) Reconciliation of Cash Flow from Operations with Result			
Result for the Year		(2,118,476)	(482,359)
Non Cash Items:			
Depreciation		290,069	273,048
Investment Income – Non Cash Distribution		(137)	(101)
Net Profit on Disposal of Non Current Assets		(6,505)	(8,377)
Provision for Impairment		56,014	7,503
Provision for Doubtful Debts		(7,923)	7,547
Debt Forgiveness		-	40,000
Changes in Assets and Liabilities:			
Decrease/(Increase) in Receivables		38,344	(78,712)
Decrease in Inventories		21,956	2,395
Decrease/(Increase) in Prepayments		(188,545)	33,973
Increase in Creditors		708,800	175,266
Increase in Employee Provisions		153,877	302,838
Decrease/(Increase) in Monies in Trust		(1,113,791)	1,236,613
Increase/(Decrease) in Grants		1,777	(20,460)
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS		(2,164,540)	1,489,174
(c) Net cash flows (excluding GST) relating to another reporting unit of the Union are as follows:			
CFMEU - Mining & Energy Division		(250,000)	-
CFMEU - Construction and General Division National Office		(551,670)	(698,645)
CFMEU - ACT		5,000	-

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

	2010	2009
	\$	\$
17. KEY MANAGEMENT PERSONNEL COMPENSATION		
<p>The totals of remuneration paid to key management personnel (KMP) of the Union during the year are as follows:</p>		
Key management personnel compensation	528,747	483,131

18. 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 (Division President)
 Mr Malcolm Tulloch (Division Secretary)
 Mr Brian Parker (Assistant Secretary)
 Mr Rebel Hanlon (Assistant Secretary)
 Mr Andrew Ferguson (former Division Secretary)

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

Mr Luis Abarca	Mr Barry Hemsworth
Mr Scott Andrew	Mr Georgios Ioannou
Mr Mario Barrios	Mr Riini Jaram
Mr Ivan Blazevic	Mr Munro Jones
Ms Cath Brokenborough	Mr Michael McAliney
Mr John Burns	Mr Stephen McBride
Mr Colin Chapman	Mr Denis McNamara
Mr Steve Costigan	Mr Jose Pineiro
Mr Bilal Darwiche	Mr Garry Preston
Mr Peter Dunbar	Mr Claude Sgroi
Mr Peter Genovese	Mr Larry Valesini
Mr Tom Grover	Mr Warren Whitney
Mr Mohamed Hammoud	Mr Ante Zdrilic

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

(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 \$56,014 (2009: \$7,503 write back) being added to the Statement of Comprehensive Income.

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

18. RELATED PARTY INFORMATION

Continued

Other related parties

- ii) Sustentation fees totaling \$576,264 (2009: \$586,402) 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 \$548,367 (2009: \$732,683).
- 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) \$18,909 (2009: \$11,070) 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.
- vi) During the year the Union donated \$250,000 to the Construction Forestry Mining and Energy Union, Mining and Energy Division for the purpose of supporting campaigns effecting members.

(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 (2009: \$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 \$339,718 (2009: \$254,195).
- iii) As at balance date, net property fees payable of \$1,317,973 (2009: \$686,060) 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, there were no amounts payable (including GST) (2009: \$1,573) 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 2010**

19. FINANCIAL RISK MANAGEMENT

The Union's financial instruments consist mainly of deposits with banks, accounts receivable and payable, commercial bills and leases.

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	2010 \$	2009 \$
Financial Assets			
Cash and cash equivalents	4	1,472,474	3,599,204
Trade and other receivables	5	487,923	574,358
Financial Assets	7	209,017	353,846
		<u>2,169,414</u>	<u>4,527,408</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	11	1,836,075	1,127,275
- Borrowings	12	256,672	-
- Other Current Liabilities	14	215,021	1,337,812
		<u>2,307,768</u>	<u>2,465,087</u>

20. CONTINGENT LIABILITIES AND ASSETS

Estimates of the potential financial effect of contingent liabilities that may become payable:

- i) Legal proceedings against the Union and one official in the Federal Magistrates Court for alleged breaches of the Workplace Relations Act. This matter is now finalised.

- 14,300

- ii) 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. This matter is now finalised.

- 60,000

- iii) Legal proceedings against the Union and two employees with potential to be litigated in the Federal Magistrates Court. Estimate of maximum exposure to penalties if Union is found to have breached the Workplace Relations Act.

30,000 -

- iv) The Union and specified officials are being sued in the Supreme Court for damages in an ongoing action arising from an alleged industrial dispute in 1995. The Union is currently involved in litigation challenging the action.

Given the complex and protracted nature of this action and advice from legal counsel, it is not practicable to reliably estimate the potential financial impact, if any, of this action at this time.

The information usually required by AASB 137 Provisions, Contingent Liabilities and Contingent Assets, is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation.

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

21. EVENTS AFTER THE REPORTING PERIOD

- (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 the 29th April 2011 by the Committee of Management.

22. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of subsection 272(5) of the RO Act, attention is drawn to the requirements of subsections (1), (2) and (3) of section 272 of the RO Act, which read as follows:-

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

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

23. 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:

	2010 \$	2009 \$
PROFIT AND LOSS DISCLOSURES		
ITEMS OF REVENUE		
Entrance fees or periodic subscriptions in respect of membership of the organisation	5,987,955	5,974,599
Compulsory levies raised from the members or as appeals for voluntary contributions for the furtherance of particular purposes:		
- CFMEU Fighting Fund Donations	407,012	578,209
- Tower Crane OH & S Fund	8,045	11,832
Donations or Grants	356,786	233,248
ITEMS OF EXPENSE		
Expenses incurred as consideration for employers making payroll deductions of membership subscriptions	-	181
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	49,420	45,969
Grants or donations	458,293	253,708
Employee Benefits to:		
- Holders of office	466,391	449,407
- Employees (Other than holders of office)	5,233,776	3,889,482
Fees or allowances to persons in respect of their attendance as representatives of the Union at conferences or other meetings	6,850	6,966
Legal costs and other expenses related to litigation or other legal matters	1,184,932	159,448
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	3,523	16,418
Penalties imposed on the Union under the Act or Regulations	50,500	46,217

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

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

	2010 \$	2009 \$
<i>Cash Assets in respect of recovered money at beginning of year</i>	962	(18)
RECEIPTS		
Amounts recovered from employers in respect of wages etc	3,234,731	4,037,611
Interest received on recovered money	4,738	4
TOTAL RECEIPTS	<u>3,239,469</u>	<u>4,037,615</u>
PAYMENTS		
Deductions of amounts due in respect of membership for:		
• 12 months or less	94,762	132,387
• Greater than 12 months	285	412
Deductions of donations or other contributions to accounts or funds of:		
• The reporting unit - Fighting Fund	78,870	114,559
• Other Entities:-		
◇ Australian Taxation Office – Withholding Tax	371,741	45,566
◇ Childrens Hospital	2,000	-
◇ Korean Appeal Fund	500	-
◇ ACIRT	126,464	10,162
◇ C Bus	307,309	70,683
◇ Insure	3,200	-
◇ Refund to Employers	16,788	1,089
Deductions of Fees or reimbursements of expenses	4,767	52
Payments to workers in respect of recovered money	2,233,745	3,661,725
TOTAL PAYMENTS	<u>3,240,431</u>	<u>4,036,635</u>
Cash Assets in respect of recovered money at end of year	<u>-</u>	<u>962</u>
Bank fees to be reimbursed	(95)	(66)
Balance of Wage Claim Account	<u>95</u>	<u>1,028</u>
Reconciled Balance of Wage Claim Bank Account	<u>-</u>	<u>962</u>
(a) Number of workers to which receipts recovered from employers relate	1,115	345
(b) Number of workers to which undistributed wage recoveries relate	-	1

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CONSTRUCTION FORESTRY MINING AND ENERGY UNION,
CONSTRUCTION AND GENERAL DIVISION,
NEW SOUTH WALES DIVISIONAL BRANCH**

We have audited the accompanying financial statements of Construction Forestry Mining And Energy Union, Construction And General Division, New South Wales Divisional Branch (the Union), which comprises the Balance Sheet as at 31 December 2010 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 Statements

The Union's Committee of Management are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards' reduced disclosure requirements (including the Australian Accounting Interpretations) and Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 ('The RO Act'). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are 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. In Note 1, the Committee of Management also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with Australian Standards' reduced disclosure requirements ensure that the financial report, comprising the financial statements and notes, complies with Australian Accounting Standards' reduced disclosure requirements

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements 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 statements are 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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Union's preparation and fair presentation of the financial statements 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 Union'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 AUDITOR'S REPORT TO THE MEMBERS OF
CONSTRUCTION FORESTRY MINING AND ENERGY UNION,
CONSTRUCTION AND GENERAL DIVISION,
NEW SOUTH WALES DIVISIONAL BRANCH**

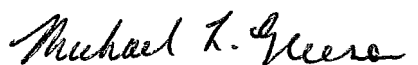
Continued...

Auditor's Opinion

In our opinion, the general purpose financial report of the Construction Forestry Mining And Energy Union, Construction And General Division, New South Wales Divisional Branch, as at 31 December 2010 and for the year then ended, is presented fairly in accordance with:

- (a) Accounting Standards' reduced disclosure requirements (including the Australian Accounting Interpretations);
- (b) The Fair Work (Registered Organisations) Act 2009 ('The RO Act'), including the requirements imposed by Part 3 of Chapter 8 of the RO Act; 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 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.


.....
Daley & Co
Chartered Accountants
98 Kembla Street
Wollongong NSW 2500


.....
Michael L Gleeson
Partner

Dated this 29th day of April 2011

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

SECRETARY CERTIFICATE

I, Malcolm Tulloch, being the Secretary of the Construction Forestry Mining and Energy Union, Construction and General Division, New South Wales Divisional Branch certify:

- (i) That the documents lodged herewith are copies of the full report, referred to in section 268 of the RAO Schedule;
- (ii) That the full report was provided to members on 29th April 2011; and
- (iii) That the full report was presented to a Committee of Management of the reporting unit on 29th April 2010 in accordance with section 266 of the RAO Schedule.



.....
MALCOLM TULLOCH

Dated this 29th day of April 2011



FAIR WORK
AUSTRALIA

11 January 2011

The Branch Secretary
Construction, Forestry, Mining and Energy Union –
Construction and General Division, New South Wales Divisional Branch

Dear Sir,

**Lodgement of Financial Documents for year ended 31 December 2010 [FR2010/2846]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Construction, Forestry, Mining and Energy Union-Construction and General Division, New South Wales Divisional Branch (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within a period of 6 months and 14 days of the end of the financial year.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements, but I also describe the sequence here.

When the accounts have been prepared ready for the auditor, you or other officers of the Committee of Management must complete, sign and date a "Committee of Management Statement". This Statement effectively approves the accounts for audit and is usually completed at a "first" Committee meeting.

When the auditor has completed his or her audit, he or she must sign and date the "Auditor's Report". The signing and dating of the Auditor's Report may coincide with the date of the "first" Committee Meeting.

Only when the Auditor's Report has been signed and dated is the financial report ready for distribution or publication for the members. This is because the members must be able to see that the report has been audited.

The final event is a formal presentation of the financial report to a "second" meeting. This can be a general meeting of the members, or a separate meeting of the Committee. A general meeting of the members is the default format unless your rules provide for members to petition a special general meeting to consider the report, in which case you can avail itself of the convenience of a Committee meeting instead (see s266).

If you intend to present the report to a general meeting, you must not hold the meeting until at least 21 days have elapsed since distributing or publishing the report to your members. (see s265(5)) If you intend and are permitted to present the report to a Committee meeting, this can be held at any time after the Auditor has signed his report. But this must be a "second" Committee meeting, separate from that at which the various documents were originally signed.

The documents must be lodged within 14 days of the "second" meeting. Your Certificate should provide the date the report was distributed/made available to the members and the date of presentation to the "second" meeting. This will enable Fair Work Australia to be satisfied that you have complied with the relevant sections of the Act

For additional information, if you need it, financial reporting fact sheets and sample documents can be found on our Fair Work Australia website (www.fwa.gov.au). You will find that the legislative requirements remain largely unchanged to that of the former requirements under Schedule 1 of the Workplace Relations Act 1996. The information can be viewed at [FWA Registered Organisations Fact Sheets](#)

This office encourages you to lodge all financial reports electronically (e.g. as pdf files) at RIASydney@fwa.gov.au. Alternatively, you can forward the documents by fax to (02) 9380 6990 .

If you need any further information or if you believe you will be unable to lodge the full financial report within the period mentioned above please contact me on (02) 8374 6666 or by email at RIASydney@fwa.gov.au.

Yours sincerely,



Steve Teece
Registered Organisations – New South Wales
Fair Work Australia

TIMELINE/ PLANNER

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

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

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

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