



FAIR WORK
COMMISSION

30 September 2013

Mr Brian Parker
Secretary, NSW Divisional Branch
CFMEU
Locked Bag 1
LIDCOMBE NSW 1825

Dear Mr Parker

RE: Financial accounts and statements - Construction, Forestry, Mining and Energy Union, Construction and General Division, NSW Branch - for year ending 31 December 2012 (FR2012/541)

I refer to the above financial accounts and statements which were lodged on 6 June 2013. I have filed the documents.

I have set out and explain two Operating Report disclosures in the attached table, for reference when preparing next year's financial report. These do not appear to have been previously raised in FWC correspondence.

If you have any questions at any time regarding the reporting requirements, please contact me on (02) 6723 7237.

Yours faithfully,

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

cc. Ms Kylie Wray, General Manager

Table of particular requirements

Provision	What it says	Explanation
<p>S254(2)(a)</p> <p>Operating Report</p>	<p>“The operating report must contain a review of the reporting unit’s principal activities during the year, <u>the results of those activities</u> and any significant changes in the nature of those activities during the year”</p>	<p>This is a commonly overlooked or misinterpreted element of operating report reviews, and may not have been previously explained by FWC.</p> <p>Results are often reported as a financial result such as a net profit or loss. More correctly, the results are industrial in nature, i.e. non-financial.</p> <p>There is no prescribed degree of detail; indeed, the ‘principal activities’ have been comprehensively described by the Branch. But the report should indicate that results have been reviewed.</p> <p>A statement that these activities have achieved their objectives would suffice to indicate this, (although the Branch may choose to identify particular results it regards as significant.)</p>
<p>Regulation 159(b)</p> <p>Operating report</p>	<p>“The following information is prescribed:</p> <p>(b) the number of persons who were.....employees of the reporting unit, where the number of employees includes both full-time employees and part-time employees measured <u>on a full-time equivalent basis</u>”.</p>	<p>The 59 full-time and 3 part-time employees reported should have been expressed as a “full-time equivalent”.</p>

From: KELLETT, Stephen
To: ["Kylie Wray"](#)
Subject: Attention Mr Brian Parker - financial report for y/e 31 Dec 2012 - filing
Date: Monday, 30 September 2013 1:21:00 PM
Attachments: [CFMEU NSW FR2012_541 \(final\).pdf](#)

Dear Ms Wray,

Please see attached my letter to the Secretary in relation to the above.

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
FAIR WORK COMMISSION

80 William Street
EAST SYDNEY NSW 2011

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

From: [Kylie Wray](#)
To: [KELLETT, Stephen](#)
Cc: [Patricia Hamson](#)
Subject: CFMEU - query re financial report y/e 31 Dec 2012
Date: Monday, 30 September 2013 10:34:46 AM
Attachments: [Statement of donations.pdf](#)
[Donations balances.pdf](#)

Hi Stephen,

Further to our phone conversation of last week, I would like to confirm that the total balance of "Grants or Donations" page 32 - at Note 21 should be \$6,863 and not \$104,275.

As explained over the phone the amount of \$104,275 included an amount of \$97,412 which was money that the Union had expended from grants received by the Union. This amount did not reflect grants/donations given to other parties by the Union.

Therefore to confirm total balance of "Grants or Donations" page 2 – at Note 21 should be \$6,863 and of that there are only 2 amounts which exceed \$1,000 and these are itemised on Page 36.

In relation to your query regarding the disclosure of payments made to auditors we wish to advise that the 2012 accounts were prepared on the "Reduced Disclosure" basis, and therefore payments to auditors were not disclosed. It is our understanding that from 2013 we will need to disclose under the "Full General Purpose" basis.

Should you have any further queries regarding the above please do not hesitate either myself or Patricia Hamson, our financial controller.

Regards

Kylie Wray (formerly Price)

General Manager



The Mining Boom

Let's spread it around

Construction Forestry Mining and Energy Union **NSW Branch** p+61(2) 9749 0443 | f+61(2) 9749 3643 | m 0434 191 450



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From: KELLETT, Stephen
To: ["enquiries@nsw.cfmeu.asn.au"](mailto:enquiries@nsw.cfmeu.asn.au)
Subject: Financial report y/e 31 Dec 2012 - grants and donations - query
Date: Tuesday, 10 September 2013 8:57:00 PM
Attachments: [Statement of donations.pdf](#)
[Donations balances.pdf](#)

Dear Ms Price

I refer to the financial report and statement of loans, grants and donations statement which were lodged with FWC on 6 June 2013. I apologise for the delay in writing in relation to these documents.

I have a question concerning the amount of "Donations" reported.

The Statement of Comprehensive Income reports a balance of \$6,863 for "Donations" which is consistent with the statement of donations lodged under s237.

However, Note 21 reports a balance of \$104,275 for "Grants or Donations". I seek the Branch's advice on the difference. I note a similarly sized differences in previous years. The question arises whether the figure in Note 21 includes a large amount of grants or donations less than \$1000 or whether it includes transaction belonging to other categories of expense, and hence a matter of classification or description. I would appreciate the Branch's clarification as to what the figure of \$104,275 comprises.

I attach the relevant extracts from the report, and the statement.

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
FAIR WORK COMMISSION

80 William Street
EAST SYDNEY NSW 2011

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

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



6 June 2013

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 2012

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 "Kylie Price".

KYLIE PRICE
General Manager

Construction Forestry
Mining and Energy Union
New South Wales Branch

Brian Parker
State Secretary
Rita Mallia
State President

12 Railway Street
LIDCOMBE

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Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Federally Registered Trade Union

Financial Statements

For the Year Ended 31 December 2012

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

31 December 2012

Financial Statements

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Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Operating report

31 December 2012

The Committee of Management present their report on Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch for the financial year ended 31 December 2012.

1. General information

Committee of Management

The names of each person who has been on the Committee of Management during the year and to the date of this report are:

<u>Name</u>	<u>Position</u>	<u>Period of Appointment</u>
Ms Rita Mallia	Division President	1/1/12 - 31/12/12
Mr Brian Parker	Division Secretary	1/1/12 - 31/12/12
Mr Rebel Hanson	Assistant Secretary	1/1/12 - 31/12/12
Mr Rob Kera	Assistant Secretary	1/1/12 - 31/12/12
Mr Luis Abarca	COM Member	1/1/12 - 31/12/12
Mr Scott Andrew	COM Member	1/1/12 - 31/12/12
Mr Mario Barrios	COM Member	1/1/12 - 31/12/12
Mr Ivan Blazevic	COM Member	1/1/12 - 31/12/12
Mr John Burns	COM Member	1/1/12 - 31/12/12
Mr Howard Byrnes	COM Member	1/1/12 - 31/12/12
Mr Gordon Cameron	COM Member	1/1/12 - 31/12/12
Mr Colin Chapman	COM Member	1/1/12 - 31/12/12
Mr Steve Costigan	COM Member	1/1/12 - 31/12/12
Mr Bilal Darwiche	COM Member	1/1/12 - 25/5/12
Mr Peter Dunbar	COM Member	1/1/12 - 31/12/12
Mr Peter Genovese	COM Member	1/1/12 - 31/12/12
Mr Mohamed Hammoud	COM Member	1/1/12 - 31/12/12
Mr Barry Hemsworth	COM Member	1/1/12 - 29/6/12
Mr Rini Jaram	COM Member	1/1/12 - 31/12/12
Mr Munro Jones	COM Member	1/1/12 - 31/12/12
Mr Georgious Ioannou	COM Member	1/1/12 - 31/12/12
Mr Michael McAliney	COM Member	1/1/12 - 27/4/12
Mr Stephen McBride	COM Member	1/1/12 - 29/6/12
Mr Denis McNamara	COM Member	1/1/12 - 31/12/12
Mr Glen Miekle	COM Member	30/3/12 - 31/12/12
Mr Garry Preston	COM Member	1/1/12 - 31/12/12
Mr Claude Sgroi	COM Member	1/1/12 - 31/12/12
Mr Larry Valesini	COM Member	1/1/12 - 31/12/12
Mr Barry Webster	COM Member	30/3/12 - 31/12/12
Mr Warren Whitney	COM Member	1/1/12 - 31/12/12
Mr Ante Zdrilic	COM Member	1/1/12 - 31/12/12

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Operating report

31 December 2012

1. General information (Continued)

Principal activities

The principal activities of Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch during the financial 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.

No significant changes in the nature of the entity's activities occurred during the financial year.

2. Operating results and review of operations for the year

Operating results

The profit of the Union amounted to \$ 193,023 (2011: \$ 1,796,029).

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Union during the year.

Membership of the Union

There were 19,430 members of the Union as at 31 December 2012 (2011: 20,941).

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Operating report

31 December 2012

3. Other items (Continued)

Rights of Members to Resign

All members of the Union have the right to resign in accordance with Rule 11 of the Union Rules [and section 174 of the Fair Work (Registered Organisations) Act 2009].

Employees of the Union

As at 31 December 2012 the Union employed 59 full time employees and 3 part time employees.

Superannuation Trustees

Ms Rita Mallia is a director of United Super Pty Limited which acts as Trustee of CBus.

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:



.....
Brian Parker

Divisional Secretary

12 April 2013

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Committee of Management's Statement

For the Year Ended 31 December 2012

On the 12th day of April, 2013 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 2012:

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

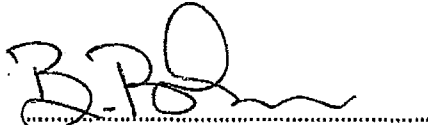
- (a) The financial statements and notes comply with Australian Accounting Standards;
- (b) The financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Australia (the General Manager");
- (c) The financial statements and notes give a true and fair view 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
- (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; and
 - (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; and

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Committee of Management's Statement

For the Year Ended 31 December 2012

- (iii) No fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
- (iv) That prior to engaging in any recovery of wages activity, the 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.



Brian Parker
Divisional Secretary

12 April 2013

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Statement of Comprehensive Income

For the Year Ended 31 December 2012

	Note	2012 \$	2011 \$
Revenue	2	8,041,957	7,684,454
Other income	2	823,427	863,621
Gain on disposal of assets		17,995	5,073
Employee benefits expense		(5,942,944)	(6,604,661)
Depreciation and amortisation expense		(303,479)	(322,754)
Sustentation fees		(651,990)	(614,661)
Donations		(6,863)	(7,195)
Motor vehicle expenses		(271,115)	(307,915)
Insurance expenses		(227,285)	(247,520)
Affiliation fees		(116,473)	(115,840)
Printing costs		(240,627)	(183,407)
Legal fees		(118,845)	(1,071,375)
Other operating expenses		(810,735)	(873,849)
Profit for the year		193,023	(1,796,029)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		193,023	(1,796,029)

The accompanying notes form part of these financial statements.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Balance Sheet

As At 31 December 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	560,114	376,894
Trade and other receivables	5	415,194	651,197
Inventories	6	7,593	7,593
TOTAL CURRENT ASSETS		982,901	1,035,684
NON-CURRENT ASSETS			
Trade and other receivables	5	360,273	290,071
Financial assets	7	4,290	4,290
Property, plant and equipment	8	677,715	768,662
TOTAL NON-CURRENT ASSETS		1,042,278	1,063,023
TOTAL ASSETS		2,025,179	2,098,707
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	1,609,059	1,804,642
Borrowings	11	-	288,615
Employee benefits	12	2,388,285	2,148,257
Other liabilities	10	435,676	415,558
TOTAL CURRENT LIABILITIES		4,433,020	4,657,072
NON-CURRENT LIABILITIES			
Employee benefits	12	40,170	82,669
TOTAL LIABILITIES		4,473,190	4,739,741
NET ASSETS		(2,448,011)	(2,641,034)
EQUITY			
Reserves	13	583	583
Retained earnings		(2,448,594)	(2,641,617)
TOTAL EQUITY		(2,448,011)	(2,641,034)

The accompanying notes form part of these financial statements.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Statement of Changes in Accumulated Funds and Reserves

For the Year Ended 31 December 2012

	Retained Earnings	Available for sale investment reserve	Total
	\$	\$	\$
2012			
Balance at 1 January 2012	(2,641,617)	583	(2,641,034)
Result for the year	193,023	-	193,023
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	(2,448,594)	583	(2,448,011)
	<hr/>	<hr/>	<hr/>
2011			
Balance at 1 January 2011	(845,588)	583	(845,005)
Result for the year	(1,796,029)	-	(1,796,029)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2011	(2,641,617)	583	(2,641,034)
	<hr/>	<hr/>	<hr/>

The accompanying notes form part of these financial statements.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Statement of Cash Flows

For the Year Ended 31 December 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and contributions		9,804,261	9,253,407
Payments to suppliers and employees		(9,143,345)	(10,606,644)
Interest received		5,459	73,026
Net cash provided by/(used in) operating activities	18	666,375	(1,280,211)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for plant and equipment		(253,792)	(96,940)
Proceeds from sale of plant and equipment		59,252	44,801
Net proceeds from held to maturity investments		-	204,827
Net cash (used in)/provided by investing activities		(194,540)	152,688
Net increase/(decrease) in cash and cash equivalents held		471,835	(1,127,523)
Cash and cash equivalents at beginning of year		88,279	1,215,802
Cash and cash equivalents at end of financial year	4	560,114	88,279

The accompanying notes form part of these financial statements.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

The financial report covers Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch as an individual entity. Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch is a not-for-profit Union, which 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.

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are a general purpose financial statements that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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 state-registered and federally-registered legal entities

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

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

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

As at 31 December 2012 the Committee of Management continues to believe that the dual registrations as both a state-registered and federally-registered Union remains appropriate.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(b) **Comparative figures**

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

When 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 presented.

(c) **Property, plant and equipment**

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

Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased 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 shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Furniture, Fixtures and Fittings	9 - 20%
Motor Vehicles	20%
Leasehold improvements	9 - 20%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(c) Property, plant and equipment (Continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(d) Investment property

Investment property is held to generate long-term rental yields and capital growth. Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the statement of comprehensive income as other income/expenses.

(e) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Union commits itself to either the purchase or sale of the asset (i.e. 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.

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 in arm's length transaction. 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:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) 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
- (d) less any reduction for impairment.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(e) Financial Instruments (Continued)

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.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Union does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

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

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

(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 be realised within 12 months after the end of the reporting period, which will be classified as current assets.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(e) 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 held-to-maturity investments category would be tainted and reclassified as available-for-sale.

The Union did not hold any held-to-maturity investments in the current or comparative financial year.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be 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 realised within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Union has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Union assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(e) Financial Instruments (Continued)

Impairment (Continued)

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables 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 entity 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 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.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(f) Impairment of non-financial assets

At the end of each reporting period, the Union assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(f) Impairment of non-financial assets (Continued)

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the other assets in the unit in proportion to their carrying amount.

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

Assets, other than goodwill that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(g) Investments in associates

Associate companies are companies in which the Union has significant influence generally through holding, directly or indirectly, 20% or more of the voting power of the Union. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Union's share of net assets of the associate Union. In addition, the Union's share of the profit or loss of the associate Union is included in the Union's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the Union's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Union and the associate are eliminated to the extent of Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch's ownership interest in the associate.

When the reporting dates of the Union and the associate are different, the associate prepares, for the use by the Union, financial statements as of the same date as the financial statements of the Union with adjustments being made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(g) Investments in associates (Continued)

When the Union's share of losses in an associate equals or exceeds its interest in the associate, the Union discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the Union will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

(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 which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(i) Employee benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period 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.

(k) 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 are transferred to the Union are classified as finance leases.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(k) Leases (Continued)

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

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 or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

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

(l) Revenue and other income

The Union recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue

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

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(l) Revenue and other income (Continued)

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

(m) 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 in profit or loss in the period in which they are incurred.

(n) 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 statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Critical accounting estimates and judgments

The directors 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.

(p) 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.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(p) Going concern (Continued)

As at the 31 December 2012 balance date:

- There is a net asset deficiency of \$2,448,011 (2011: \$2,641,304); and
- There is a net deficiency in current assets of \$3,450,119 (2011: \$3,621,388).

Included in current liabilities as at 31 December 2012 is an amount payable to the Construction Forestry Mining and Energy Union (New South Wales Branch) Construction and General Division of \$1,313,319 (2011: \$1,499,344). The Committee of Management has received confirmation from the Construction Forestry Mining and Energy Union (New South Wales Branch) Construction and General Division that it will support the Federally-Registered Union financially for 24 months from the 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. Refer note 1(a) for further information regarding the distinction between the State and Federally registered Unions as separate legal entities.

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

(q) Income tax

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

(r) 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.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

2. Revenue and other income

Revenue from continuing operations

	2012	2011
	\$	\$
Service revenue		
- Membership levies	6,933,261	6,465,624
- BTG apprentices and safety program	-	88,735
- Safety dinner	76,773	40,163
- Fighting fund receipts	654,568	704,727
- Attendance fees	61,745	76,736
- Promotion and advertising reimbursements	210,191	188,787
- EBA services	105,419	119,682
	<u>8,041,957</u>	<u>7,684,454</u>
Other revenue		
- Interest and investment revenue	5,459	73,101
- Other income	216,761	115,992
- Picnic sponsorships	242,724	242,707
- Shared services agreement	358,483	330,073
- Grant income	-	101,748
	<u>823,427</u>	<u>863,621</u>
Total Revenue	<u><u>8,865,384</u></u>	<u><u>8,548,075</u></u>

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

3. Result for the year

(a) The result for the year includes the following specific expenses

	Note	2012 \$	2011 \$
Other expenses:			
Net loss on disposal of property, plant and equipment		-	4,809
Bad and doubtful debts:			
Grants or donations		104,275	102,406
Fees & periodic contributions in respect of its affiliation to any political party, industrial or non-industrial organisation, federation, congress, council or group of organisations or international body having an interest in industrial matters		100,203	60,248
Contributions to defined contribution superannuation plans		703,286	887,149
Contributions to defined contribution redundancy funds		-	173,238
Legal fees		118,845	1,071,375

4. Cash and cash equivalents

Cash on hand	8,100	9,600
Cash at bank	552,014	367,294
	<u>560,114</u>	<u>376,894</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash and cash equivalents		560,114	376,894
Bank overdrafts	11	-	(288,615)
Balance as per statement of cash flows		<u>560,114</u>	<u>88,279</u>

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

5. Trade and other receivables

	Note	2012 \$	2011 \$
CURRENT			
Trade receivables		132,778	79,804
Prepayments		282,416	395,764
Other receivables		-	175,629
Total current trade and other receivables		415,194	651,197
NON-CURRENT			
Advances to associate - Comet Training Trust		362,544	362,544
Provision for impairment of advance		(2,271)	(72,473)
Total non-current trade and other receivables		360,273	290,071

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch has advanced funds to an 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. For the year ended 31 December 2012 the provision was written down by \$70,202 (2011: -).

6. Inventories

CURRENT			
Work apparel - at cost		7,593	7,593

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

7. Other financial assets

	2012	2011
Note	\$	\$
NON-CURRENT		
Other financial assets	(a) 4,290	4,290
(a) Available-for-sale financial assets comprise:		
NON-CURRENT		
Listed investments, at fair value		
- shares in listed corporations	4,190	4,190
Unlisted investments, at fair value		
- shares in other corporations	100	100
Total available-for-sale financial assets	4,290	4,290

8. Property, plant and equipment

Furniture, fixture and fittings		
At cost	1,356,579	1,315,577
Accumulated depreciation	(1,021,615)	(907,650)
Total furniture, fixture and fittings	334,964	407,927
Motor vehicles		
At cost	1,120,813	1,136,114
Accumulated depreciation	(778,062)	(775,379)
Total motor vehicles	342,751	360,735
Total property, plant and equipment	677,715	768,662

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

8. 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 the end of the current financial year:

	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	\$	\$	\$
Balance at the beginning of year	407,927	360,735	768,662
Additions	41,001	212,791	253,792
Disposals - written down value	-	(41,260)	(41,260)
Depreciation expense	(113,964)	(189,515)	(303,479)
Balance at 31 December 2012	334,964	342,751	677,715

9. Trade and other payables

	2012	2011
	\$	\$
CURRENT		
Payables - others	233,219	103,814
Sustentation fees payable - related parties	33,521	201,484
Legal matters payable	29,000	-
Payables - related parties	1,313,319	1,499,344
	1,609,059	1,804,642

10. Other liabilities

CURRENT		
Funds held in trust	390,692	391,219
Unexpended grants carried forward	44,984	24,339
	435,676	415,558

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

11. Borrowings

	2012	2011
	\$	\$
CURRENT		
Unsecured liabilities:		
Bank overdraft	-	288,615
	<u>-</u>	<u>288,615</u>

12. Employee benefits

CURRENT		
Long service leave	1,289,105	1,111,367
Provision for employee benefits	1,099,180	1,036,890
	<u>2,388,285</u>	<u>2,148,257</u>
NON-CURRENT		
Long service leave	<u>40,170</u>	<u>82,669</u>
(a) Total employee benefits attributable to:		
Officeholders	165,291	172,994
Staff	2,263,164	2,057,932
Total	<u>2,428,455</u>	<u>2,230,926</u>

13. Reserves

(a) Financial asset reserve

Change in the fair value and exchange differences arising on translation of available for sale investment are recognised in other comprehensive income - financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

14. Financial risk management

The main risks Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Union's financial instruments consist mainly of deposits with banks, 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	2012 \$	2011 \$
Financial Assets			
Cash and cash equivalents	4	560,114	376,894
Trade and other receivables	5	809,812	953,764
Available-for-sale financial assets:			
- at fair value			
- listed investments	7	4,190	4,190
- unlisted investments	7	100	100
		<u>4,290</u>	<u>4,290</u>
Total available-for-sale financial assets		<u>4,290</u>	<u>4,290</u>
Total financial assets		<u>1,374,216</u>	<u>1,334,948</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	9	1,605,101	1,804,642
- Borrowings	11	-	288,615
- Funds held in trust	10	390,692	391,219
Total financial liabilities		<u>1,995,793</u>	<u>2,484,476</u>

15. Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Union is \$ 568,504 (2011: \$ 868,643).

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

16. Contingent liabilities and contingent assets

Contingent Liabilities

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch had the following contingent liabilities at the end of the reporting period:

- i. The union is being sued for damages in the sum of approximately \$650,000 plus interest and costs in respect of alleged incidents that occurred during a protest in August 2012.

The CFMEU strongly denies the allegations and as the case it is at an early stage it is not possible to provide a reliable estimate of the total financial cost of the union at the date of this report.

- ii. Proceedings were commenced by a former employee with regards to an alleged unfair dismissal.

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.

17. Related party transactions

Members of the Committee of Management

Persons holding executive positions within the union and as members of the Committee of Management (COM) during the year:

Ms. Rita Mallia (President)	Mr. Brian Parker (Secretary)
Mr. Rebel Hanan (Assistant Secretary)	Mr. Rob Kera (Assistant Secretary)

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

Mr. L Abarca	Mr. B Darwiche ¹	Mr. S McBride ²
Mr. S Andrew	Mr. P Dunbar	Mr. D McNamara
Mr. M Barrios	Mr. P Genovese	Mr G Miekle ⁴
Mr. I Blazevic	Mr. M Hammoud	Mr. G Preston
Mr. J Burns	Mr. B Hemsworth ²	Mr. C Sgroi
Mr. H Byrnes	Mr. G Ioannou	Mr. L Valesni
Mr. G Cameron	Mr. R Jaram	Mr. B Webster ⁴
Mr. C Chapman	Mr. M Jones	Mr. W Whitney
Mr. S Costigan	Mr. M McAliney ³	Mr. A Zdrilic

1 - Resigned 25 May 2012, 2 - Resigned 29 June 2012, 3 - Resigned 27 April 2012, 4 - Appointed 30 March 2012.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

17. Related party transactions (Continued)

(a) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2012	2011
	\$	\$
<i>(i) Purchase of goods and services</i>		
Sustentation fees - paid to National Office	651,990	614,661
Expenses relating to Darwin Branch - paid to National Office	4,194	8,577
<i>(i) Trade and other receivables</i>		
- Loans to Comet Training Trust	362,544	362,544

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

18. Cash flow information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2012	2011
	\$	\$
Result for the year	193,023	(1,796,029)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	303,479	322,732
- net gain on disposal of property, plant and equipment	(17,995)	(270)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	52,453	(57,580)
- (increase)/decrease in other assets	113,351	5,869
- increase/(decrease) in trade and other payables	(175,465)	149,491
- increase/(decrease) in provisions	197,529	95,576
Cashflow from operations	<u>666,375</u>	<u>(1,280,211)</u>

(b) Net cash flows (excl GST) relating to another reporting unit of the Union as follows:

CFMEU - Construction and General Division National Office	<u>(819,953)</u>	<u>(789,778)</u>
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19. Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years.

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

20. 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).

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

21. Additional disclosures required under the Fair Work (Registered Organisations) Act 2010

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:

	2012	2011
	\$	\$
Profit and loss disclosures		
Items of revenue		
Entrance fees or periodic subscriptions in respect of membership of the organisation	6,933,261	6,465,624
Compulsory levies raised from the members or as appeals for voluntary contributions for the furtherance of particular purposes:		
- CFMEU Fighting Fund Donations	270,372	247,428
- Tower Crane OH & S Fund	6,772	8,108
Donations or Grants	497,343	615,531
Items of expense		
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	100,203	60,248
Grants or donations	104,275	165,170
Employee Benefits to:		
- Holders of office	452,427	802,591
- Employees (Other than holders of office)	4,990,918	5,358,460
Fees or allowances to persons in respect of their attendance as representatives of the Union at conferences or other meetings	12,171	8,693
Legal costs and other expenses related to litigation or other legal matters	118,845	1,071,375
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	19,017	8,497
Penalties imposed on the Union under the Act or Regulations	-	12,500

Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2012

22. Statement of receipts and payments for recovery of wages activity - cash basis

	2012	2011
	\$	\$
Opening balance of wage claim account	(86)	-
Receipts		
Amounts recovered from employers in respect of wages	2,529,130	1,153,306
Interest received on recovered money	7	5
	<u>2,529,137</u>	<u>1,153,311</u>
Payments		
Deductions of amounts due in respect of membership for:		
-12 months or less	90,011	49,233
-Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
-The reporting unit - Fighting Fund	52,906	39,317
-Other entities:		
-ACIRT	266,624	18,945
-CBUS	637,672	109,652
-Refund of employers	4,797	833
Deductions of Fees or reimbursements of expenses	-	(4)
Payments to workers in respect of recovered money	1,471,052	935,421
	<u>2,523,062</u>	<u>1,153,397</u>
Cash assets in respect of recovered money at end of year	-	-
Bank fees to be reimbursed	(37)	(86)
Balance of wage claim account	<u>5,952</u>	<u>86</u>
Reconciled balance of wage claim bank account	-	-
(a) Number of workers to which receipts recovered from employers relate	969	543
(b) Number of workers to which undistributed wage recoveries relate	-	-

**Independent Audit Report to the members of
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 Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch, which comprises the balance sheet as at 31 December 2012, the statement of comprehensive income, statement of changes in accumulated funds and reserves and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and Committee of Management's assertion statement.

Committee of Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 ('The RO Act'), and for such internal control as management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 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
Construction Forestry Mining & Energy Union Construction & General Division New South Wales Divisional Branch**

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 2012 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, including:
 - (1) Any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
 - (2) Any donations or other contributions deducted from recovered money.
 - (i) That the scope of the audit encompassed recovery of wages activity;
 - (ii) 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.

Daley & Co.
Daley & Co
Chartered Accountants

Michael Munet
Michael Munet
Partner

Wollongong

12 April 2013

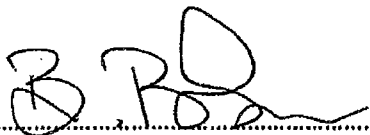
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FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

SECRETARY'S CERTIFICATE

I, Brian Parker, 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 12th day of April 2013; and
- (iii) That the full report was presented to a Committee of Management of the reporting unit on 31st May, 2013 in accordance with section 266 of the RAO Schedule.



.....
BRIAN PARKER

Dated this 6th day of June 2013



FAIR WORK
COMMISSION

18 January 2013

Mr Brian Parker
Divisional Vice-President / Branch Secretary
Construction, Forestry, Mining and Energy Union-Construction and General Division, New South
Wales Divisional Branch
Sent by email: bparker@nsw.cfmeu.asn.au

Dear Mr Parker,

Re: Lodgement of Financial Report - [FR2012/541]

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) ended on 31 December 2012.

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

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

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

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

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

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

Yours sincerely,

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
(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.	/ /	As soon as practicable after end of financial year
(b) A # designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).		
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	Within a reasonable time of having received the GPFR (NB: Auditor's report must be dated on or after date of Committee of Management Statement)
Provide full report free of charge to members – s265 The full report includes: <ul style="list-style-type: none"> the General Purpose Financial Report (which includes the Committee of Management Statement); the Auditor's Report; and the Operating Report. 	/ /	(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting, or (b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.
Present full report to:		
(a) General Meeting of Members - s266 (1),(2); OR	/ /	Within 6 months of end of financial year
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	Within 6 months of end of financial year
Lodge full report with the Fair Work Commission, together with the #Designated Officer's certificate++ – s268	/ /	Within 14 days of meeting

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

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

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