



FAIR WORK
COMMISSION

1 August 2014

Mr Brian Parker
Secretary, New South Wales Branch
Construction and General Division
CFMEU
Sent by email: ckwray@nsw.cfmeu.asn.au

Dear Mr Parker

Re: Lodgement of Financial Accounts and Statements – Construction, Forestry, Mining and Energy Union, Construction and General Division, NSW Branch – for year ending 31 December 2013 (FR2013/440)

I acknowledge receipt of the financial report of the NSW Branch of the Construction and General Division [‘the reporting unit’]. The documents were lodged with the Fair Work Commission on 27 June 2014. An amended Operating Report and Designated Officer’s Certificate were lodged, along with a copy of the general purpose financial report and auditor’s report, today. The amended documents address the issues raised by FWC in earlier correspondence.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

For the record, I note the qualification in the Auditor’s report relating to the recognition of membership contributions on a cash basis and the explanation at Note 1(n) that steps have been taken to enable the correct and reliable calculation of revenue in future reporting periods.

Please note that the financial report for the year ending 31 December 2014 may be subject to an advanced compliance review.

I attach a copy of the new Reporting Guidelines that will apply to the next report issued on 13 June 2014.

If you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6723 7237 or by email at stephen.kellett@fwc.gov.au.

Yours sincerely,

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

cc. Ms K.Wray, General Manager

From: KELLETT, Stephen
To: ["Kylie Wray"](#)
Subject: RE: Financial report y/e 31 December 2013 - filing
Date: Friday, 1 August 2014 1:42:00 PM
Attachments: [CFMEU NSW FR2013 440 \(primary final\).pdf](#)
[s253-Reporting-Guidelines-4th-edition.pdf](#)

Dear Kylie,

Please see attached my letter in relation to the above. I also attach a copy of the new Reporting Guidelines, for your future reference.

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: [KELLETT, Stephen](#)
To: [KELLETT, Stephen](#)
Subject: FW: Financial report y/e 31 December 2013 - further information/amendments
Date: Friday, 1 August 2014 12:46:59 PM
Attachments: [2013 financial accounts - resigned.pdf](#)

From: Kylie Wray [mailto:kwray@nsw.cfmeu.asn.au]
Sent: Friday, 1 August 2014 12:01 PM
To: KELLETT, Stephen
Subject: RE: Financial report y/e 31 December 2013 - further information/amendments

Good morning Stephen

Please find attached reviewed and re-signed account for CFMEU. All items raised have been amended as per our discussions and Fair Work Commission requirements.

If you need anything else please let me know.

Kylie Wray

General Manager

CFMEU

Construction & General Division, NSW Branch

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Construction Forestry Mining and Energy Union

Construction and General Division

New South Wales Divisional Branch

Federally Registered Trade Union

Financial Statements

For the Year Ended 31 December 2013

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

For the Year Ended 31 December 2013

Financial Statements

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

Operating Report

31 December 2013

The Committee of Management present their report on Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch for the financial year ended 31 December 2013.

General information

Information on 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:

Name	Position	Period of Appointment
Mr B Parker	Secretary	1/1/13 - 31/12/13
Ms R Mallia	President	1/1/13 - 31/12/13
Mr R Hanlon	Assistant Secretary	1/1/13 - 31/12/13
Mr R Kera	Assistant Secretary	1/1/13 - 31/12/13
Mr L Abarca	COM Member	1/1/13 - 31/12/13
Mr S Andrew	COM Member	1/1/13 - 31/12/13
Mr J Barrios	COM Member	1/1/13 - 31/12/13
Mr J Burns	COM Member	1/1/13 - 31/12/13
Mr H Byrnes	COM Member	1/1/13 - 31/12/13
Mr G Cameron	COM Member	1/1/13 - 31/12/13
Mr C Chapman	COM Member	1/1/13 - 31/12/13
Mr E Coelho	COM Member	1/1/13 - 31/12/13
Mr S Costigan	COM Member	1/1/13 - 31/12/13
Mr P Dunbar	COM Member	1/1/13 - 31/12/13
Mr J Faulkner	COM Member	1/1/13 - 31/12/13
Mr P Genovese	COM Member	1/1/13 - 31/12/13
Mr D Hackett	COM Member	1/1/13 - 31/12/13
Mr M Hammoud	COM Member	1/1/13 - 31/12/13
Mr R Jaram	COM Member	1/1/13 - 31/12/13
Mr M Jones	COM Member	1/1/13 - 31/12/13
Mr P Kenniff	COM Member	1/1/13 - 31/12/13
Mr D McNamara	COM Member	1/1/13 - 31/12/13
Mr G Mielke	COM Member	1/1/13 - 31/12/13
Mr G Preston	COM Member	1/1/13 - 31/12/13
Mr C Sgroi	COM Member	1/1/13 - 31/12/13
Mr S Tebbutt	COM Member	1/1/13 - 31/12/13
Mr L Valesini	COM Member	1/1/13 - 31/12/13
Mr B Wesbter	COM Member	1/1/13 - 31/12/13
Mr W Whitney	COM Member	1/1/13 - 31/12/13
Mr A Zdrilic	COM Member	1/1/13 - 31/12/13

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

Operating Report

31 December 2013

General information (Continued)

Principal activities

The principal activities of Construction Forestry Mining & Energy Union Construction and 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 Union's activity occurred during the financial year.

Operating results and review of operations for the year

Operating results

The surplus of the Union amounted to \$ 1,246,409 (2012: \$193,023).

Review of operations

A review of the operations and the results of the Union is performed fortnightly in the meetings of the Executive Officers and monthly by the Committee of Management. Additionally, such matters are considered monthly at a regular meeting of the General Officers' of the Union.

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

Operating Report

31 December 2013

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.

Events after the reporting date

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.

Right 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].

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.

Number of members

There were 20,165 members of the Union as at 31 December 2013 (2012: 19,430).

Number of employees

As at 31 December 2013 the Union had 61 full-time equivalent employees (2012: 62).

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

Operating Report

31 December 2013

Other items (Continued)

Officers and employees who are directors of a company or a member of a board

Name	Name of organisation	Purpose of organisation	Nominated by the Union
Rebel Hanlon	West Tradies	Community Club	No
Terry Kesby	Officer Solidarity NSW Pty Ltd	Administer Officers' Solidarity Fund	No
Rita Mallia	ACIRT Pty Limited	Trustee redundancy fund	Yes
	Asbestos Disease Research Foundation	Scientific research	Yes
	Byron Hall Pty Ltd	Body corporate	No
	Schizophrenia Research Institute	Scientific research	Yes
	United Super Pty Ltd	Superannuation trustee	Yes
	UPlus Pty Ltd	Insurance	Yes
Keryn McWhinney	Officer Solidarity NSW Pty Ltd	Administer Officers' Solidarity Fund	No
Brian Parker	Mates In Construction	Suicide prevention	Yes
	Officer Solidarity NSW Pty Ltd	Administer Officers' Solidarity Fund	No
	UPlus Pty Ltd	Insurance	Yes
	Comet Training	Training	Yes
	Committee to Defend Trade Union Rights	Committee to defend trade unions and support peace, social justice and workers rights	Yes
	The Construction Industry, Welfare, Education and Training Resources Association Ltd	Training	Yes
Michael Preston	Burraborang District Soccer Club	Sport	No
Radhika Raju	Jibbron Pty Ltd	Family company	No
Kylie Wray	Foundation House	Drug and alcohol rehabilitation	Yes
	Officer Solidarity NSW Pty Ltd	Administer Officers' Solidarity Fund	No
	Industrial Health & Research Foundation	Health centre	Yes
	The Trade Union Centre Wollongong Pty Ltd	Administration of a jointly owned building	Yes
	The Construction Industry, Welfare, Education and Training Resources Association Ltd	Training	Yes
	BTG Drug and Alcohol Committee	Provide drug and alcohol counselling and training	Yes
David Holmes	H & P Industries Pty Ltd	Business not related to construction industry	No

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

Operating Report

31 December 2013

Other items (Continued)

Officers and employees who are directors of a company or a member of a board (Continued)

Name	Name of organisation	Purpose of organisation	Nominated by the Union
Jose Mario Barrios	The Construction Industry, Welfare, Education and Training Resources Association Ltd	Training	Yes
	UPlus Pty Ltd	Insurance	Yes
	West Tradies	Community Club	No
Steve Costigan	The Construction Industry, Welfare, Education and Training Resources Association Ltd	Training	Yes
	UPlus Pty Ltd	Insurance	Yes
	Peter Genovese	Comet Training	Training

Signed in accordance with a resolution of the Committee of Management:



Brian Parker
Secretary

1 August 2014

Sydney

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

Committee of Management Statement

For the period ended 31 December 2013

On 30 May 2014 the Committee of Management of the Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2013:

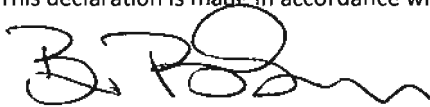
The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the 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 reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - iii) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iv) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - v) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - vi) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - vii) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) in relation to recovery of wages activity:
 - iii) 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; and
 - iv) the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and

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

- iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies 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 organisation 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 monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

This declaration is made in accordance with a resolution of the Committee of Management.



Brian Parker
Secretary

1 August 2014
Sydney

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

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2013

	Note	2013 \$	2012 \$
Revenue	2	8,227,049	8,041,957
Other income	2	2,625,925	841,422
Employee benefits expense	3	(6,324,142)	(5,942,944)
Depreciation and amortisation expense		(265,583)	(303,479)
Sustentation fees		(668,492)	(651,990)
Donations		(9,600)	(6,863)
Property expenses		(205,313)	(155,207)
Motor vehicle expenses		(269,264)	(271,115)
Insurance expenses		(181,333)	(227,285)
Affiliation fees		(123,164)	(116,473)
Distribution and printing expenses		(230,575)	(240,627)
Levies		(135,872)	(11,373)
Legal costs		(278,846)	(118,845)
Other expenses		(914,381)	(644,155)
Result for the year		1,246,409	193,023
Other comprehensive income:			
Changes in fair value of available-for-sale financial assets		2,538	-
Total comprehensive income for the year		1,248,947	193,023

The accompanying notes form part of these financial statements.

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

Balance Sheet

As at 31 December 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	631,199	560,114
Trade and other receivables	5	399,960	415,194
Inventories	6	-	7,593
Other financial assets	7	6,729	4,190
TOTAL CURRENT ASSETS		1,037,888	987,091
NON-CURRENT ASSETS			
Trade and other receivables	5	350,860	360,273
Investment in associates	17	16,564	-
Investment in joint venture	18	100	100
Property, plant and equipment	8	589,874	677,715
TOTAL NON-CURRENT ASSETS		957,398	1,038,088
TOTAL ASSETS		1,995,286	2,025,179
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	397,035	1,609,059
Employee benefits	11	2,469,040	2,388,285
Other liabilities	10	259,555	435,676
TOTAL CURRENT LIABILITIES		3,125,630	4,433,020
NON-CURRENT LIABILITIES			
Employee benefits	11	68,720	40,170
TOTAL NON-CURRENT LIABILITIES		68,720	40,170
TOTAL LIABILITIES		3,194,350	4,473,190
NET ASSETS		(1,199,064)	(2,448,011)
EQUITY			
Reserves	12	3,121	583
Retained earnings		(1,202,185)	(2,448,594)
TOTAL EQUITY		(1,199,064)	(2,448,011)

The accompanying notes form part of these financial statements.

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

Statement of Changes in Equity

For the Year Ended 31 December 2013

2013

	Retained Earnings	Financial Assets Reserve	Total
	\$	\$	\$
Balance at 1 January	(2,448,594)	583	(2,448,011)
Result for the year	1,246,409	-	1,246,409
Other comprehensive income	-	2,538	2,538
Balance at 31 December	(1,202,185)	3,121	(1,199,064)

2012

	Retained Earnings	Financial Assets Reserve	Total
	\$	\$	\$
Balance at 1 January	(2,641,617)	583	(2,641,034)
Result for the year	193,023	-	193,023
Balance at 31 December	(2,448,594)	583	(2,448,011)

The accompanying notes form part of these financial statements.

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

Statement of Cash Flows

For the Year Ended 31 December 2013

	2013	2012
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and contributions	9,978,203	9,804,261
Payments to suppliers and employees	(9,749,786)	(9,143,345)
Interest received	-	5,459
Net cash provided by operating activities	22(a) <u>228,417</u>	<u>666,375</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for plant and equipment	(225,558)	(253,792)
Proceeds from sale of plant and equipment	73,226	59,252
Payment for investments	(5,000)	-
Net cash used in investing activities	<u>(157,332)</u>	<u>(194,540)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents held	71,085	471,835
Cash and cash equivalents at beginning of year	<u>560,114</u>	<u>88,279</u>
Cash and cash equivalents at end of financial year	4 <u><u>631,199</u></u>	<u><u>560,114</u></u>

The accompanying notes form part of these financial statements.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

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 accounting reporting unit. The Construction Forestry Mining and Energy Union Construction and 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 separate accounting reporting unit with perpetual succession, and accordingly, 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 the applicable Australian Accounting Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) and the *Fair Work (Registered Organisation) Act 2009*.

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. Historical cost is generally based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian Dollars.

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 the counterpart federal body of a Division of a State-registered Union. The Divisional Branch of the Federally-registered Union and the State Construction and General Division of the State-registered Union 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 constituent parts of separate legal entities.

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 Federally-registered 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. For further information on the separation of the entities and their respective assets, refer to note 1(m).

As at 31 December 2013 the Committee of Management continues to believe that the dual registrations as both a State-registered and Federally-registered Union is still appropriate.

Accordingly, these financial statements have been prepared for the Federally-registered Union's Divisional Branch.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

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) Principles of consolidation

The financial statements incorporate the assets, liabilities and results of entities controlled by Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch at the end of the reporting period. A controlled entity is any entity over which Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Joint Arrangements

AASB 11 *Joint Arrangements* defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch has determined that it has only joint ventures.

Joint ventures:

Joint ventures are those joint arrangements which provide the venturer with right to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method in accordance with AASB 128 *Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the venturer's share of losses of a joint venture equals or exceeds its interest in the joint venture, the venturer discontinues recognising its share of further losses.

The venturer's share in the joint ventures gains or losses arising from transactions between a venturer and its joint venture are eliminated.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(c) Principles of consolidation (Continued)

Adjustments are made to the joint ventures accounting policies where they are different from those of the venturer for the purpose of the consolidated financial statements.

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

(d) Property, plant and equipment

Property, plant and equipment are carried at cost. All assets excluding freehold land, are depreciated over their useful lives to the Union.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2%
Furniture, Fixtures and Fittings	9 - 20%
Motor Vehicles	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of 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).

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

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 an 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.

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.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

(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 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 year.

(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.

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.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

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

(v) Financial liabilities

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

Financial liabilities

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

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Union becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Impairment of financial assets

At the end of the reporting period the Union assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(f) Impairment of non-financial assets

At the end of each reporting period the Union determines whether there is an evidence of an impairment indicator for non-financial assets.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) 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.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(h) Employee benefits (Continued)

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.

(i) 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.

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.

(j) 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 and Energy Union Construction and 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.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(j) Revenue and other income (Continued)

Membership fees

Refer to note 1(n) for further information regarding the recognition of membership fees.

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

(k) Funds held in trust

From time to time the Union will collect voluntary contributions from members, employers and other sources for furtherance of particular purposes, such as an appeal for the benefit of a member or the members as a group. For accounting purposes, these transactions are not treated as revenue as the Union is only operating as a facilitator to co-ordinate and collect funds for such appeals. Accordingly, all unspent/untransferred monies have been credited to the "Funds held in trust" account, as referred to in Note 10.

(l) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(m) 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.

As at 31 December 2013:

- There was a net asset deficiency of \$1,199,064 (2012: \$2,448,011); and
- There was a net deficiency in current assets of \$2,087,742 (2012: \$3,445,929)

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(m) Going concern (Continued)

The distinction between the State and Federal registrations requires the preparation of separate financial reports. Refer to Note 1(a) for further information. The legal title to specific assets (and their related transactions/balances) are vested either solely with the State-registered Union, or treated identically in both the State and Federal Unions for financial reporting purposes. Accordingly, those assets vested solely with the State-registered Union have been excluded from this financial report, thus contributing greatly to the establishment of the net asset deficiencies noted above.

As at 31 December 2013, with the financial report of the State-registered Union, having positive net assets and a surplus of current assets over current liabilities, being prepared on a going concern basis, the Committee of Management believe that the Union (having the same members, the same Committee of Management members and the same Officials as the State-registered Union) will continue as a going concern.

(n) Change in accounting policy and key estimates

Consistent with industry practice, the Union had historically accounted for its membership revenue on a cash basis, which had been considered materially consistent with the accruals basis of accounting. During the year the Union was instructed by its regulator that it must account for its membership revenue on an accruals basis, in accordance with Accounting Standards.

The Committee of Management have attempted to recognise membership revenue on an accruals basis, however due to time constraints and internal reporting system limitations it is considered impracticable to reliably estimate the effects on the deferred income and trade debtors balances (as recorded in the current and comparative Balance Sheets), and the effects on membership revenue (as recorded in the current and comparative Statement of Profit or Loss and Other Comprehensive Income). The Committee of Management have attempted to prepare estimates based on internal reporting systems, however due to the complexities regarding the number of members, different payment methods and the matching of payments to the periods to which these payments relate, sufficient, appropriate and reliable estimates are presently not able to be made.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(n) Change in accounting policy and key estimates (Continued)

As a result of this limitation, the Committee of Management have disclosed membership revenue in the current and comparative statement of profit or loss and other comprehensive income on a cash basis, as this amount can be reliably estimated. The Committee of Management are in the process of taking appropriate steps to improve the internal reporting systems to allow for the reliable calculation and recognition of revenue, in accordance with Accounting Standards, in future reporting periods.

Whilst the net balance of deferred income is expected to be consistent from year-to-year due to the relative stability of membership numbers, subscription rates and payment methodologies each balance date, the effects of these adjustments may be material to the financial performance and position of the Union.

(o) Adoption of new and revised accounting standards

During the current year, there have been no new or revised accounting standards that have become mandatory, which have had a material impact (in the current year or retrospectively) upon the measurement of assets, liabilities, equity, income or expenses, nor upon the disclosures required in this financial report.

(p) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Union has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Union:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(p) New Accounting Standards and Interpretations (Continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments	30 June 2014	<p>AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess.</p> <p>AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice.</p> <p>AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.</p>	<p>The Union will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated.</p> <p>All joint ventures of the group are equity accounted and therefore minimal impact is expected due to the adoption of AASB 11.</p> <p>Additional disclosures will be required under AASB 12 but there will be no changes to reported position and performance.</p>
AASB 13 Fair Value Measurement.	30 June 2014	<p>AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted.</p> <p>There are a number of additional disclosure requirements.</p>	<p>Fair value estimates currently made by the Union will be revised and potential changes to reported values may be required.</p> <p>The Union has not yet determined the magnitude of any changes which may be needed.</p> <p>Some additional disclosures will be needed.</p>
AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]			

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(p) New Accounting Standards and Interpretations (Continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 2011-7 - Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	30 June 2014	This standard provides many consequential changes due to the release of the new consolidation and joint venture standards.	The impact of this standard is expected to be minimal.
AASB 2012-2 - Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7]	30 June 2014	Requires the inclusion of information about the effect or potential effect of netting arrangements.	There is no impact on disclosures as there are no offsetting arrangements currently in place.
AASB 2012-5 - Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	30 June 2014	<p>AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once.</p> <p>AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.</p> <p>AASB 116 - clarifies the classification of servicing equipment.</p> <p>AASB 132 and Interpretation 2 - Clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes</p> <p>AASB 134 - provides clarification about segment reporting.</p>	No expected impact on the Union's financial position or performance.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(p) New Accounting Standards and Interpretations (Continued)

<u>Standard Name</u>	<u>Effective date for entity</u>	<u>Requirements</u>	<u>Impact</u>
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	30 June 2015	This standard adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard.	No expected impact to the Union as there are no offsetting arrangements currently in place.

(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.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

2 Revenue and other income

	Note	2013 \$	2012 \$
Revenue from continuing operations			
- Membership subscription		7,362,575	6,933,261
- Levies		73,114	-
- Safety dinner		106,030	76,773
- Fighting fund receipts		388,820	654,568
- Attendance fees		57,041	61,745
- Promotion and advertising reimbursements		110,650	210,191
- EBA services		128,819	105,419
- Grants		-	-
- Donations		-	-
- Capitation fees		-	-
		8,227,049	8,041,957
Other revenue			
- Interest received		-	5,459
- Other income		228,255	216,761
- Picnic sponsorships		344,194	242,724
- Shared service agreement		423,173	358,483
- Debt forgiveness from State-registered Union	9(b)	1,593,328	-
- Gain on disposal of assets		25,411	17,995
- Gain on revaluation of associate		11,564	-
		2,625,925	841,422

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

3 Result for the year

The result for the year includes the following specific expenses

	2013	2012
	\$	\$
Employee benefits expense comprises:		
Office holders		
- Wages and salaries	472,453	482,526
- Superannuation	79,097	73,185
- Leave and other entitlements	79,866	7,707
- Separation and redundancies	7,010	5,087
- Other employee expenses	31,775	31,734
	<u>670,201</u>	<u>600,239</u>
Employees other than holders of office		
- Wages and salaries	4,525,840	4,093,289
- Superannuation	635,010	630,101
- Leave and other entitlements	29,440	189,822
- Separation and redundancies	165,646	159,157
- Other employee expenses	298,005	270,336
	<u>5,653,941</u>	<u>5,342,705</u>
Total employee benefits expense	<u><u>6,324,142</u></u>	<u><u>5,942,944</u></u>
Other expenses:		
Capitation fees	<u>668,492</u>	<u>651,990</u>

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

3 Result for the year (Continued)

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

	2013	2012
	\$	\$
Affiliation fees		
Australian Labor Party	64,854	62,103
CRUMA	50	-
May Day Committee	300	-
ADFA	60	60
Newcastle Trades Hall	3,298	3,298
Unions NSW	44,571	32,373
Unions NSW South Coast Labor Council	2,090	1,538
Workers Educational Association	45	45
Workers Health Centre	1,146	606
Central Coast Trades & Labor Council	-	180
	116,414	100,203
Levies	135,872	11,373
Fees/allowances - meeting and conferences	24,918	19,017
Meeting and conference expenses	3,460	12,171
Donations	9,600	6,863
Grants	-	-
Penalties - via RO Act or RO Regulations	-	-
Consideration to employers for payroll deductions	-	-
Legal costs - litigation	266,976	109,155
Legal costs - other legal matters	11,870	9,691
	278,846	118,846

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

4 Cash and cash equivalents

	2013	2012
Note	\$	\$
Cash on hand	9,100	8,100
Cash at bank	622,099	552,014
	631,199	560,114

5 Trade and other receivables

CURRENT

Trade receivables		132,778
Provision for impairment	(b)	-
Prepayments		282,416
Other receivables		-
		107,328
		399,960

NON-CURRENT

Loan - Comet Training Trust		362,544
Provision for impairment	(b)	(2,271)
		350,860
		360,273

The Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch has advanced funds to an associate, the 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 2013 the provision increased by \$9,413 (2012: \$70,202 write down).

(a) Receivables from other reporting units

CFMEU - ACT Branch		3,788
		1,421

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

5 Trade and other receivables (Continued)

(b) Provision for doubtful debts

Movement in provision for impairment of receivables is as follows:

	2013	2012
	\$	\$
Balance at beginning of the year	2,271	72,473
Additional impairment loss recognised	30,138	-
Reversal of impairment	-	(70,202)
Balance at end of the year	32,409	2,271

The following table details the Union's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Union and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Union.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
2013							
Trade and term receivables	96,205	20,725	-	32,450	4,481	20,138	18,411
Other receivables	107,328	-	-	-	-	-	107,328
Total	203,533	20,725	-	32,450	4,481	20,138	125,739
2012							
Trade and term receivables	132,778	-	-	66,171	31,787	34,820	-
Total	132,778	-	-	66,171	31,787	34,820	-

The other classes of receivables do not contain impaired assets.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

6 Inventories

	2013	2012
Note	\$	\$
CURRENT		
Work apparel - at cost	-	7,593

7 Other financial assets

CURRENT		
Available for sale financial assets	(a) 6,729	4,190

(a) Available-for-sale financial assets comprise:

Listed investments		
- shares in other corporations - fair value	6,729	4,190

8 Property, plant and equipment

Furniture, fixture and fittings		
At cost	1,385,456	1,356,579
Accumulated depreciation	(1,095,842)	(1,021,615)
Total furniture, fixture and fittings	289,614	334,964
Motor vehicles		
At cost	1,042,626	1,120,813
Accumulated depreciation	(742,366)	(778,062)
Total motor vehicles	300,260	342,751
Total property, plant and equipment	589,874	677,715

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

8 Property, plant and equipment (Continued)

8 Property, plant and equipment (Continued)

8 Property, plant and equipment (Continued)

(a) **Movements in carrying amounts of property, plant and equipment**

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 & Fittings	Motor Vehicles	Total
	\$	\$	\$
Year ended 31 December 2013			
Balance at the beginning of year	334,964	342,751	677,715
Additions	66,877	158,681	225,558
Disposals - written down value	-	(47,816)	(47,816)
Depreciation expense	(112,227)	(153,356)	(265,583)
Balance at the end of the year	289,614	300,260	589,874

	Furniture, Fixtures & Fittings	Motor Vehicles	Total
	\$	\$	\$
Year ended 31 December 2012			
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 the end of the year	334,964	342,751	677,715

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

9 Trade and other payables

	Note	2013 \$	2012 \$
CURRENT			
Sundry payables and accrued expenses		311,614	233,219
Capitation fees payable	(a)	85,421	33,521
Legal fees payable		-	29,000
Consideration to employers for payroll deductions		-	-
Payable to State-registered Union	(b)	-	1,313,319
		<u>397,035</u>	<u>1,609,059</u>

(a) Payables to other reporting entities:

CFMEU C&G National Office		85,421	33,521
Payable to State-registered Union		-	1,313,319

(b) Debt forgiven

As at 31 December 2013 the net liability payable to the State-registered Union, after excluding all Federally-registered Union assets and transactions from this financial report, was \$1,593,328. In accordance with a special resolution of the State-registered Union as at 31 December 2013, it was resolved that this debt be forgiven.

10 Other liabilities

Fund held in trust		227,597	390,692
Unexpended grants carried forward		31,958	44,984
		<u>259,555</u>	<u>435,676</u>

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

11 Employee benefits

	2013	2012
	\$	\$
CURRENT		
Long service leave	1,291,391	1,289,105
Provision for employee benefits	1,177,649	1,099,180
	<u>2,469,040</u>	<u>2,388,285</u>
NON-CURRENT		
Long service leave	68,720	40,170
	<u>2,537,760</u>	<u>2,428,455</u>
 (a) Total employee benefits attributable to:		
Office Holders:		
Annual leave	172,108	115,778
Long service leave	161,446	137,910
Separations and redundancies	-	-
Other	-	-
	<u>333,554</u>	253,688
Employees other than office holders:		
Annual leave	867,057	879,171
Long service leave	1,198,665	1,191,365
Separation and redundancies	-	-
Other	138,484	104,231
	<u>2,204,206</u>	<u>2,174,767</u>
Total	<u>2,537,760</u>	<u>2,428,455</u>

12 Reserves

Financial asset reserve

Change in the fair value of available for sale investments 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 and Energy Union Construction and General Division New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

13 Capital and leasing commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2013	2012
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	79,568	77,250
- between 1 year and 5 years	209,841	289,408
	<u>289,409</u>	<u>366,658</u>

Operating leases have been taken out for properties. Lease payments are adjusted on an annual basis to reflect market rentals.

14 Financial risk management

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

The Union's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, 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:

	2013	2012
Note	\$	\$
Financial Assets		
Cash and cash equivalents	4	631,199
Trade receivables	5	96,205
Other receivables	5	107,328
Available-for-sale financial assets - at fair value:		
- listed shares in other corporations	7	6,729
		<u>841,461</u>
Total financial assets		<u>697,082</u>
Financial Liabilities		
Trade and other payables	9	397,035
		<u>1,609,059</u>

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

14 Financial risk management (Continued)

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

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the balance sheet due to the effect of discounting.

Financial liability maturity analysis - Non-derivative

	On demand		Total	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables	397,035	295,740	397,035	295,740

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Union.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Union has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

14 Financial risk management (Continued)

Net income and expense from Financial Assets

	2013	2012
	\$	\$
Available for sale		
Gain recognised in equity	2,538	-

15 Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch during the year are as follows:

Short-term employee benefits

Salary and short term leave	528,783	456,546
-----------------------------	---------	---------

Long-term benefits

Long service leave	23,536	33,686
--------------------	--------	--------

Post-employment benefits

Superannuation	79,097	73,185
----------------	--------	--------

Termination benefits

	7,010	5,087
	<u>638,426</u>	<u>568,504</u>

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

16 Remuneration of Auditors

	2013	2012
	\$	\$
Remuneration of the auditor of the Union, Daley & Co Chartered Accountants, for:		
- auditing or reviewing the financial statements	43,800	48,585
- taxation services	2,200	2,200
	<u>46,000</u>	<u>50,785</u>

17 Interests in Associates

During the year, the Union purchased 49.99% of the shares in U-Plus Pty Limited for \$5,000. As at 31 December 2013, U-Plus Pty Limited had net assets of \$33,135.

18 Interests in Joint Ventures

The Union has joint control over the Comet Training Trust. The carrying value of this investment at 31 December 2013 is \$100 (2012: \$100).

19 Fair Value Measurement

The Union measures its financial assets, being listed shares at fair value on a recurring basis.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

19 Fair Value Measurement (Continued)

Fair value hierarchy (Continued)

The table below shows the assigned level for each asset and liability held at fair value:

	Level 1	Level 2	Level 3	Total
31 December 2013	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Listed Shares	6,729	-	-	6,729
<hr/>				
	Level 1	Level 2	Level 3	Total
31 December 2012	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Listed Shares	4,190	-	-	4,190
<hr/>				

20 Contingent liabilities and contingent assets

In the opinion of the Committee of Management, the Union did not have any contingencies at 31 December 2013 (31 December 2012:None).

21 Related party transactions

Related Parties

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 15: Key Management Personnel Compensation.

(b) 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.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

21 Related party transactions (Continued)

(b) Transactions with related parties (Continued)

The following transactions occurred with related parties:

(i) Income

	2013	2012
Note	\$	\$
Distributions from Comet Training Trust	74,104	-
Fees from UPlus shared service agreement	423,173	-
Debt forgiveness - State-registered Union payable	9(b) 1,593,328	-

(ii) Rental expense

CFMEU National Office	89,308	54,729
-----------------------	--------	--------

(iii) Capitation and other fees

CFMEU C&G National Office - Capitation Fees	668,492	651,990
CFMEU C&G National Office - Levies	135,872	-
Expenses relating to Darwin Branch - paid to National office	-	4,194

(iv) Trade and other receivables

CFMEU ACT Branch	1,421	3,788
Distributions receivable from Comet Training Trust	74,104	-

Loans to other related parties:

Loan to Comet Training Trust	350,860	360,273
------------------------------	---------	---------

(v) Trade and other payables:

CFMEU National Office	85,421	33,521
Payable to U-Plus Pty Limited	5,000	-

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

22 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:

	2013	2012
	\$	\$
Result for the year	1,246,409	193,023
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	265,583	303,479
- net gain on disposal of plant and equipment	(25,411)	(17,995)
- gain on revaluation of investment in associate	(11,564)	-
Changes in assets and liabilities:		
- decrease in trade and other receivables	24,647	52,453
- decrease in other assets	7,593	113,351
- decrease in trade and other payables	(1,388,145)	(175,465)
- increase in employee benefits	109,305	197,529
Cashflow from operations	228,417	666,375

(b) Cash flow information - cash outflows to other reporting units

CFMEU C&G National Office	(752,464)	(819,953)
---------------------------	------------------	-----------

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

23 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.

24 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of the members is drawn to the provisions of Sub-sections [1] and [3] of Section 272 which reads as follows:-

Information to be provided to members or the General Manager of Fair Work Australia:

- [1] A member of a reporting unit, or the General Manager of Fair Work Australia, 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 and Energy Union Construction and General Division
New South Wales Divisional Branch**

Recovery of Wages Activity

For the Year Ended 31 December 2013

	2013	2012
	\$	\$
Opening balance of wage claim account	5,952	(86)
Receipts		
Amounts recovered from employers in respect of wages	1,459,143	2,529,130
Interest received on recovered money	-	7
	1,459,143	2,529,137
Payments		
Deductions of amounts due in respect of membership for:		
- 12 months or less	(57,228)	(90,011)
- Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
- The reporting unit - Fighting Fund	(27,509)	(52,906)
- Other entities:		
- ACIRT	(57,616)	(266,624)
- CBUS	(67,066)	(637,672)
- Refund of employers	(1,181)	(4,797)
Payments to workers in respect of recovered monies	(1,250,358)	(1,471,052)
	(1,460,958)	(2,523,062)
Bank fees to be reimbursed	(15)	(37)
Balance of wage claim account	4,122	5,952
(a) Number of workers to which receipts recovered from employers relate	767	969
(b) Number of workers to which undistributed wage recoveries relate	6	-

The accompanying notes form part of these financial statements.

**Independent Audit Report to the members of
Construction Forestry Mining and Energy Union Construction and General Division New South
Wales Divisional Branch**

Report on the Financial Report

We have audited the accompanying financial report of Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch, which comprises the balance sheet as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Committee of Management Statement.

Committee of Management and Accounting Officer's Responsibility for the Financial Report

The Committee of Management and the Accounting Officer are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009, 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 the Committee of Management and the Accounting Officer, 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 qualified 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 and Energy Union Construction and General Division New South
Wales Divisional Branch**

Basis for Qualified Opinion

As disclosed in Note 1(n) of the financial report, due to time restrictions and limitations in the Union's internal reporting systems, the Committee of Management believe that it is impracticable to reliably estimate the amount of deferred revenue or trade debtors to be disclosed in the balance sheet as at 31 December 2013 or the comparative period as at 31 December 2012 in relation to membership revenue. As a result of this limitation, membership revenue has been recognised in the statement of profit or loss and other comprehensive income on a cash basis for the years ended 31 December 2013 and 31 December 2012. Consequently, we were unable to obtain sufficient appropriate audit evidence to determine whether any adjustments to these financial statement line items were necessary to account for these transactions on an accruals basis, as is required under Australian Accounting Standards.

Qualified Opinion

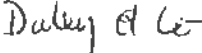
In our opinion, except for the effects of such adjustments, of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects, the financial position of the Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch as at 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with:

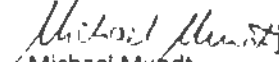
- (a) the Australian Accounting Standards;
- (b) any other requirements imposed by the Reporting Guidelines of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009; and
- (c) in relation to recovery of wages activity, including:
 - 1. any fees charged to or reimbursements of expenses claimed from members and other for recovery of wages activity; and
 - 2. any donations or other contributions deducted from recovered money.
- iii) That the scope of audit encompassed recovery of wages activity; and
- iv) 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 Fair Work Australia.

I declare that I am an approved auditor, a member of the Institute of Chartered Accountants in Australia and hold a current Certificate of Public Practice.

**Independent Audit Report to the members of
Construction Forestry Mining and Energy Union Construction and General Division New South
Wales Divisional Branch**

I declare that management's use of the going concern basis of accounting in preparation of the Union's financial statements is appropriate.


Daley & Co
Chartered Accountants


Michael Mundt
Partner

Wollongong

1 August 2014

Liability is limited by a scheme approved under Professional Standards Legislation

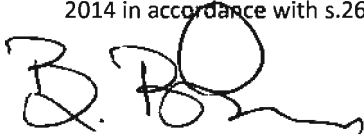
Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch

Certificate of Secretary

Certificate for the period ended 31 December 2013

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

- that the documents lodged herewith are copies of the full report for Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch for the period ended 31 December 2013 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 6 June 2014; and
- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 27 June 2014 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Brian Parker
Divisional Secretary

1 August 2014

From: KELLETT, Stephen
To: ["Kylie Wray"](#)
Subject: RE: amended documents - date of signing
Date: Wednesday, 30 July 2014 11:35:00 AM

Dear Kylie,

The signing dates for both documents should be 1 August, because they are corrections/amendments FWC has requested and are fresh versions of the documents.

Thanks for your assistance in this matter.

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 [mailto:kwray@nsw.cfmeu.asn.au]
Sent: Wednesday, 30 July 2014 11:05 AM
To: KELLETT, Stephen
Subject: RE: Financial report y/e 31 December 2013 - further information/amendments

Good morning Stephen

I've had a look at our Committee of Management minutes and what you've sent me and you're correct.

The Secretary's certificate should read that the report was present to a meeting of the committee on 27th June, 2014. I will have that amended and will get it re-signed when the secretary is in on Friday this week.

In regards to the operating report, I'll also get that amended and re-signed. That was an oversight on my behalf and that of our auditors.

One question though, on re-signing, should the date of signing still read 6 June or should it be the actual date that we're getting him to re-sign (which will be Friday 1 August).

If you can let me know I'll get it organised today.

Thanks for your patience on this.

Kylie Wray
General Manager

CFMEU

Construction & General Division, NSW Branch
12 Railway St, Lidcombe NSW 2141
T: 02 9749 0400 F: 02 9749 3643 M: 0434 191 450



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Call 1300 309 374

From: KELLETT, Stephen
Sent: Friday, 25 July 2014 12:15 PM
To: 'Kylie Wray'
Subject: RE: Financial report y/e 31 December 2013 - further information/amendments

Dear Kylie,

There are two issues.

Firstly I've emailed the Designated Officer's Certificate. It states that the report was presented to a meeting of the Committee "*in accordance with section 266*" on 30 May 2014. It is clear from the dating of the Committee of management statement (also emailed) and the date of the auditor's report and provision of the report to the members, all dated 6 June 2014, that the report could not have been "*presented in accordance with section 266*" before that date.

There may well have been a meeting of the Committee on 30 May. However, it could not have been the meeting required by section 266 because it would have been held before the report and statements were signed on 6 June.

Since the report was not lodged until 27 June, I suspect this is a straightforward clerical error, and that in fact the report(s) were presented to a meeting of the committee held sometime after the meeting of 6 June. Alternatively, the report may have been considered by the Branch to have been presented to the meeting held on 6 June.

In either case, if I am correct, I request the Secretary to sign a corrected Designated Officer's certificate that states the correct date of presentation to the s266 meeting, which will either be the 6th June or the later date.

Secondly, I also attached the Operating Report. The Branch was requested last year (see letter attached here), following the examination of the 2012 report, to include in future operating reports the following information or statement(s): (i) the number of employees *expressed as a full-time equivalent*, and (ii) a statement *describing or indicating* that it had reviewed *the results of its principal activities*. Neither was reflected in the Branch's Operating report for 2013.

It is FWC policy that where a reporting unit has had its attention drawn to reporting issues, these must be rectified or addressed before a subsequent report is filed.

I request that the Operating report which was attached be amended to include the omitted information.

I am happy to discuss or clarify any of 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: [Orgs](#)
Subject: Lodgement of Financial report - CFMEU Construction & General Division NSW Branch ye 2013
Date: Friday, 27 June 2014 4:30:29 PM
Attachments: [image001.jpg](#)
[image002.jpg](#)
[image003.jpg](#)
[image004.jpg](#)
[image005.jpg](#)
[image006.jpg](#)
[2013 Financial accounts FEDERAL.pdf](#)

Please see attached. Originals will be mailed.

Kylie Wray

General Manager

Construction & General Division, NSW Branch

12 Railway St, Lidcombe NSW 2141

T: 02 9749 0400 **F:** 02 9749 3643 **M:** 0434 191 450

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Call 1300 309 374

CFMEU

CONSTRUCTION

27 June 2014

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

CFMEU NSW
12 Railway St,
Lidcombe NSW 2141

Locked Bag 1
Lidcombe 1825

Secretary: Brian Parker
President: Rita Mallia

Ph 02 9749 0400

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enquiries@nsw.cfmeu.asn.au

ABN: 17 524 350 156

ATTENTION STEPHEN KELLETT

Dear Sir

Re: Financial Statements in respect of Financial year ending 31 December 2013

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



KYLIE WRAY
General Manager



Construction Forestry Mining and Energy Union

Construction and General Division

New South Wales Divisional Branch

Federally Registered Trade Union

Financial Statements

For the Year Ended 31 December 2013

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

For the Year Ended 31 December 2013

Financial Statements

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Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Operating Report

31 December 2013

The Committee of Management present their report on Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch for the financial year ended 31 December 2013.

General information

Information on 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:

Name	Position	Period of Appointment
Mr B Parker	Secretary	1/1/13 - 31/12/13
Ms R Mallia	President	1/1/13 - 31/12/13
Mr R Hanlon	Assistant Secretary	1/1/13 - 31/12/13
Mr R Kera	Assistant Secretary	1/1/13 - 31/12/13
Mr L Abarca	COM Member	1/1/13 - 31/12/13
Mr S Andrew	COM Member	1/1/13 - 31/12/13
Mr J Barrios	COM Member	1/1/13 - 31/12/13
Mr J Burns	COM Member	1/1/13 - 31/12/13
Mr H Byrnes	COM Member	1/1/13 - 31/12/13
Mr G Cameron	COM Member	1/1/13 - 31/12/13
Mr C Chapman	COM Member	1/1/13 - 31/12/13
Mr E Coelho	COM Member	1/1/13 - 31/12/13
Mr S Costigan	COM Member	1/1/13 - 31/12/13
Mr P Dunbar	COM Member	1/1/13 - 31/12/13
Mr J Faulkner	COM Member	1/1/13 - 31/12/13
Mr P Genovese	COM Member	1/1/13 - 31/12/13
Mr D Hackett	COM Member	1/1/13 - 31/12/13
Mr M Hammoud	COM Member	1/1/13 - 31/12/13
Mr R Jaram	COM Member	1/1/13 - 31/12/13
Mr M Jones	COM Member	1/1/13 - 31/12/13
Mr P Kenniff	COM Member	1/1/13 - 31/12/13
Mr D McNamara	COM Member	1/1/13 - 31/12/13
Mr G Mielke	COM Member	1/1/13 - 31/12/13
Mr G Preston	COM Member	1/1/13 - 31/12/13
Mr C Sgroi	COM Member	1/1/13 - 31/12/13
Mr S Tebbutt	COM Member	1/1/13 - 31/12/13
Mr L Valesini	COM Member	1/1/13 - 31/12/13
Mr B Wesbter	COM Member	1/1/13 - 31/12/13
Mr W Whitney	COM Member	1/1/13 - 31/12/13
Mr A Zdrilic	COM Member	1/1/13 - 31/12/13

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

Operating Report

31 December 2013

General information (Continued)

Principal activities

The principal activities of Construction Forestry Mining & Energy Union Construction and 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 Union's activity occurred during the financial year.

Operating results and review of operations for the year

Operating results

The surplus of the Union amounted to \$ 1,246,409 (2012: \$193,023).

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.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Operating Report

31 December 2013

Other items (Continued)

Events after the reporting date

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.

Right 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].

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.

Number of members

There were 20,165 members of the Union as at 31 December 2013 (2012: 19,430).

Number of employees

As at 31 December 2013 the Union had 62 employees (2012: 62).

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Operating Report

31 December 2013

Other items (Continued)

Officers and employees who are directors of a company or a member of a board

Name	Name of organisation	Purpose of organisation	Nominated by the Union
Rebel Hanlon	West Tradies	Community Club	No
Terry Kesby	Officer Solidarity NSW Pty Ltd	Administer Officers' Solidarity Fund	No
Rita Mallia	ACIRT Pty Limited	Trustee redundancy fund	Yes
	Asbestos Disease Research Foundation	Scientific research	Yes
	Byron Hall Pty Ltd	Body corporate	No
	Schizophrenia Research Institute	Scientific research	Yes
	United Super Pty Ltd	Superannuation trustee	Yes
	UPlus Pty Ltd	Insurance	Yes
Keryn McWhinney	Officer Solidarity NSW Pty Ltd	Administer Officers' Solidarity Fund	No
Brian Parker	Mates In Construction	Suicide prevention	Yes
	Officer Solidarity NSW Pty Ltd	Administer Officers' Solidarity Fund	No
	UPlus Pty Ltd	Insurance	Yes
	Comet Training	Training	Yes
	Committee to Defend Trade Union Rights	Committee to defend trade unions and support peace, social justice and workers rights	Yes
	The Construction Industry, Welfare, Education and Training Resources Association Ltd	Training	Yes
Michael Preston	Burraborang District Soccer Club	Sport	No
Radhika Raju	Jibbron Pty Ltd	Family company	No
Kylie Wray	Foundation House	Drug and alcohol rehabilitation	Yes
	Officer Solidarity NSW Pty Ltd	Administer Officers' Solidarity Fund	No
	Industrial Health & Research Foundation	Health centre	Yes
	The Trade Union Centre Wollongong Pty Ltd	Administration of a jointly owned building	Yes
	The Construction Industry, Welfare, Education and Training Resources Association Ltd	Training	Yes
	BTG Drug and Alcohol Committee	Provide drug and alcohol counselling and training	Yes
David Holmes	H & P Industries Pty Ltd	Business not related to construction industry	No

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

Operating Report

31 December 2013

Other items (Continued)

Officers and employees who are directors of a company or a member of a board (Continued)

Name	Name of organisation	Purpose of organisation	Nominated by the Union
Jose Mario Barrios	The Construction Industry, Welfare, Education and Training Resources Association Ltd	Training	Yes
	UPlus Pty Ltd	Insurance	Yes
	West Tradies	Community Club	No
Steve Costigan	The Construction Industry, Welfare, Education and Training Resources Association Ltd	Training	Yes
	UPlus Pty Ltd	Insurance	Yes
Peter Genovese	Comet Training	Training	Yes

Signed in accordance with a resolution of the Committee of Management:



Brian Parker
Secretary

6 June 2014

Sydney

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

Committee of Management Statement

For the period ended 31 December 2013

On 6 June 2014 the Committee of Management of the Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2013:

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the 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 reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - iii) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - iv) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - v) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - vi) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - vii) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) in relation to recovery of wages activity:
 - iii) 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; and
 - iv) the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and

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

- iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies 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 organisation 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 monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

This declaration is made in accordance with a resolution of the Committee of Management.



Brian Parker
Secretary

6 June 2014
Sydney

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

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2013

	Note	2013 \$	2012 \$
Revenue	2	8,227,049	8,041,957
Other income	2	2,625,925	841,422
Employee benefits expense	3	(6,324,142)	(5,942,944)
Depreciation and amortisation expense		(265,583)	(303,479)
Sustentation fees		(668,492)	(651,990)
Donations		(9,600)	(6,863)
Property expenses		(205,313)	(155,207)
Motor vehicle expenses		(269,264)	(271,115)
Insurance expenses		(181,333)	(227,285)
Affiliation fees		(123,164)	(116,473)
Distribution and printing expenses		(230,575)	(240,627)
Levies		(135,872)	(11,373)
Legal costs		(278,846)	(118,845)
Other expenses		(914,381)	(644,155)
Result for the year		1,246,409	193,023
Other comprehensive income:			
Changes in fair value of available-for-sale financial assets		2,538	-
Total comprehensive income for the year		1,248,947	193,023

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Balance Sheet

31 December 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	631,199	560,114
Trade and other receivables	5	399,960	415,194
Inventories	6	-	7,593
Other financial assets	7	6,729	4,190
TOTAL CURRENT ASSETS		<u>1,037,888</u>	<u>987,091</u>
NON-CURRENT ASSETS			
Trade and other receivables	5	350,860	360,273
Investment in associates	17	16,564	-
Investment in joint venture	18	100	100
Property, plant and equipment	8	589,874	677,715
TOTAL NON-CURRENT ASSETS		<u>957,398</u>	<u>1,038,088</u>
TOTAL ASSETS		<u>1,995,286</u>	<u>2,025,179</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	397,035	1,609,059
Employee benefits	11	2,469,040	2,388,285
Other liabilities	10	259,555	435,676
TOTAL CURRENT LIABILITIES		<u>3,125,630</u>	<u>4,433,020</u>
NON-CURRENT LIABILITIES			
Employee benefits	11	68,720	40,170
TOTAL NON-CURRENT LIABILITIES		<u>68,720</u>	<u>40,170</u>
TOTAL LIABILITIES		<u>3,194,350</u>	<u>4,473,190</u>
NET ASSETS		<u>(1,199,064)</u>	<u>(2,448,011)</u>
EQUITY			
Reserves	12	3,121	583
Retained earnings		(1,202,185)	(2,448,594)
TOTAL EQUITY		<u>(1,199,064)</u>	<u>(2,448,011)</u>

The accompanying notes form part of these financial statements.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Statement of Changes in Equity

For the Year Ended 31 December 2013

2013

	Retained Earnings	Financial Assets Reserve	Total
	\$	\$	\$
Balance at 1 January	(2,448,594)	583	(2,448,011)
Result for the year	1,246,409	-	1,246,409
Other comprehensive income	-	2,538	2,538
Balance at 31 December	(1,202,185)	3,121	(1,199,064)

2012

	Retained Earnings	Financial Assets Reserve	Total
	\$	\$	\$
Balance at 1 January	(2,641,617)	583	(2,641,034)
Result for the year	193,023	-	193,023
Balance at 31 December	(2,448,594)	583	(2,448,011)

The accompanying notes form part of these financial statements.

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

Statement of Cash Flows

For the Year Ended 31 December 2013

	2013	2012
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and contributions	9,978,203	9,804,261
Payments to suppliers and employees	(9,749,786)	(9,143,345)
Interest received	-	5,459
Net cash provided by operating activities	22(a) <u>228,417</u>	<u>666,375</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for plant and equipment	(225,558)	(253,792)
Proceeds from sale of plant and equipment	73,226	59,252
Payment for investments	(5,000)	-
Net cash used in investing activities	<u>(157,332)</u>	<u>(194,540)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents held	71,085	471,835
Cash and cash equivalents at beginning of year	<u>560,114</u>	<u>88,279</u>
Cash and cash equivalents at end of financial year	4 <u><u>631,199</u></u>	<u><u>560,114</u></u>

The accompanying notes form part of these financial statements.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

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 accounting reporting unit. The Construction Forestry Mining and Energy Union Construction and 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 separate accounting reporting unit with perpetual succession, and accordingly, 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 the applicable Australian Accounting Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) and the *Fair Work (Registered Organisation) Act 2009*.

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. Historical cost is generally based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian Dollars.

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 the counterpart federal body of a Division of a State-registered Union. The Divisional Branch of the Federally-registered Union and the State Construction and General Division of the State-registered Union 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 constituent parts of separate legal entities.

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 Federally-registered 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. For further information on the separation of the entities and their respective assets, refer to note 1(m).

As at 31 December 2013 the Committee of Management continues to believe that the dual registrations as both a State-registered and Federally-registered Union is still appropriate.

Accordingly, these financial statements have been prepared for the Federally-registered Union's Divisional Branch.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

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) Principles of consolidation

The financial statements incorporate the assets, liabilities and results of entities controlled by Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch at the end of the reporting period. A controlled entity is any entity over which Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Joint Arrangements

AASB 11 *Joint Arrangements* defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch has determined that it has only joint ventures.

Joint ventures:

Joint ventures are those joint arrangements which provide the venturer with right to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method in accordance with AASB 128 *Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the venturer's share of losses of a joint venture equals or exceeds its interest in the joint venture, the venturer discontinues recognising its share of further losses.

The venturer's share in the joint ventures gains or losses arising from transactions between a venturer and its joint venture are eliminated.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(c) Principles of consolidation (Continued)

Adjustments are made to the joint ventures accounting policies where they are different from those of the venturer for the purpose of the consolidated financial statements.

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

(d) Property, plant and equipment

Property, plant and equipment are carried at cost. All assets excluding freehold land, are depreciated over their useful lives to the Union.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2%
Furniture, Fixtures and Fittings	9 - 20%
Motor Vehicles	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of 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).

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

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 an 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.

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.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

(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 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 year.

(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.

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.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

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

(v) Financial liabilities

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

Financial liabilities

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

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Union becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Impairment of financial assets

At the end of the reporting period the Union assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(f) Impairment of non-financial assets

At the end of each reporting period the Union determines whether there is an evidence of an impairment indicator for non-financial assets.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) 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.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(h) Employee benefits (Continued)

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.

(i) 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.

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.

(j) 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 and Energy Union Construction and 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.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(j) Revenue and other income (Continued)

Membership fees

Refer to note 1(n) for further information regarding the recognition of membership fees.

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

(k) Funds held in trust

From time to time the Union will collect voluntary contributions from members, employers and other sources for furtherance of particular purposes, such as an appeal for the benefit of a member or the members as a group. For accounting purposes, these transactions are not treated as revenue as the Union is only operating as a facilitator to co-ordinate and collect funds for such appeals. Accordingly, all unspent/untransferred monies have been credited to the "Funds held in trust" account, as referred to in Note 10.

(l) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(m) 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.

As at 31 December 2013:

- There was a net asset deficiency of \$1,199,064 (2012: \$2,448,011); and
- There was a net deficiency in current assets of \$2,087,742 (2012: \$3,445,929)

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(m) Going concern (Continued)

The distinction between the State and Federal registrations requires the preparation of separate financial reports. Refer to Note 1(a) for further information. The legal title to specific assets (and their related transactions/balances) are vested either solely with the State-registered Union, or treated identically in both the State and Federal Unions for financial reporting purposes. Accordingly, those assets vested solely with the State-registered Union have been excluded from this financial report, thus contributing greatly to the establishment of the net asset deficiencies noted above.

As at 31 December 2013, with the financial report of the State-registered Union, having positive net assets and a surplus of current assets over current liabilities, being prepared on a going concern basis, the Committee of Management believe that the Union (having the same members, the same Committee of Management members and the same Officials as the State-registered Union) will continue as a going concern.

(n) Change in accounting policy and key estimates

Consistent with industry practice, the Union had historically accounted for its membership revenue on a cash basis, which had been considered materially consistent with the accruals basis of accounting. During the year the Union was instructed by its regulator that it must account for its membership revenue on an accruals basis, in accordance with Accounting Standards.

The Committee of Management have attempted to recognise membership revenue on an accruals basis, however due to time constraints and internal reporting system limitations it is considered impracticable to reliably estimate the effects on the deferred income and trade debtors balances (as recorded in the current and comparative Balance Sheets), and the effects on membership revenue (as recorded in the current and comparative Statement of Profit or Loss and Other Comprehensive Income). The Committee of Management have attempted to prepare estimates based on internal reporting systems, however due to the complexities regarding the number of members, different payment methods and the matching of payments to the periods to which these payments relate, sufficient, appropriate and reliable estimates are presently not able to be made.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(n) Change in accounting policy and key estimates (Continued)

As a result of this limitation, the Committee of Management have disclosed membership revenue in the current and comparative statement of profit or loss and other comprehensive income on a cash basis, as this amount can be reliably estimated. The Committee of Management are in the process of taking appropriate steps to improve the internal reporting systems to allow for the reliable calculation and recognition of revenue, in accordance with Accounting Standards, in future reporting periods.

Whilst the net balance of deferred income is expected to be consistent from year-to-year due to the relative stability of membership numbers, subscription rates and payment methodologies each balance date, the effects of these adjustments may be material to the financial performance and position of the Union.

(o) Adoption of new and revised accounting standards

During the current year, there have been no new or revised accounting standards that have become mandatory, which have had a material impact (in the current year or retrospectively) upon the measurement of assets, liabilities, equity, income or expenses, nor upon the disclosures required in this financial report.

(p) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Union has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Union:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(p) New Accounting Standards and Interpretations (Continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments	30 June 2014	<p>AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess.</p> <p>AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice.</p> <p>AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.</p>	<p>The Union will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated.</p> <p>All joint ventures of the group are equity accounted and therefore minimal impact is expected due to the adoption of AASB 11.</p> <p>Additional disclosures will be required under AASB 12 but there will be no changes to reported position and performance.</p>
AASB 13 Fair Value Measurement.	30 June 2014	<p>AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted.</p> <p>There are a number of additional disclosure requirements.</p>	<p>Fair value estimates currently made by the Union will be revised and potential changes to reported values may be required.</p> <p>The Union has not yet determined the magnitude of any changes which may be needed.</p> <p>Some additional disclosures will be needed.</p>
AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]			

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(p) New Accounting Standards and Interpretations (Continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 2011-7 - Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	30 June 2014	This standard provides many consequential changes due to the release of the new consolidation and joint venture standards.	The impact of this standard is expected to be minimal.
AASB 2012-2 - Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7]	30 June 2014	Requires the inclusion of information about the effect or potential effect of netting arrangements.	There is no impact on disclosures as there are no offsetting arrangements currently in place.
AASB 2012-5 - Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]	30 June 2014	<p>AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once.</p> <p>AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.</p> <p>AASB 116 - clarifies the classification of servicing equipment.</p> <p>AASB 132 and Interpretation 2 - Clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes</p> <p>AASB 134 - provides clarification about segment reporting.</p>	No expected impact on the Union's financial position or performance.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(p) New Accounting Standards and Interpretations (Continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	30 June 2015	This standard adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard.	No expected impact to the Union as there are no offsetting arrangements currently in place.

(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.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

2 Revenue and other income

	Note	2013 \$	2012 \$
Revenue from continuing operations			
- Membership subscription		7,362,575	6,933,261
- Levies		73,114	-
- Safety dinner		106,030	76,773
- Fighting fund receipts		388,820	654,568
- Attendance fees		57,041	61,745
- Promotion and advertising reimbursements		110,650	210,191
- EBA services		128,819	105,419
- Grants		-	-
- Donations		-	-
- Capitation fees		-	-
		8,227,049	8,041,957
Other revenue			
- Interest received		-	5,459
- Other income		228,255	216,761
- Picnic sponsorships		344,194	242,724
- Shared service agreement		423,173	358,483
- Debt forgiveness from State-registered Union	9(b)	1,593,328	-
- Gain on disposal of assets		25,411	17,995
- Gain on revaluation of associate		11,564	-
		2,625,925	841,422

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

3 Result for the year

The result for the year includes the following specific expenses

	2013	2012
	\$	\$
Employee benefits expense comprises:		
Office holders		
- Wages and salaries	472,453	482,526
- Superannuation	79,097	73,185
- Leave and other entitlements	79,866	7,707
- Separation and redundancies	7,010	5,087
- Other employee expenses	31,775	31,734
	<u>670,201</u>	600,239
Employees other than holders of office		
- Wages and salaries	4,525,840	4,093,289
- Superannuation	635,010	630,101
- Leave and other entitlements	29,440	189,822
- Separation and redundancies	165,646	159,157
- Other employee expenses	298,005	270,336
	<u>5,653,941</u>	5,342,705
Total employee benefits expense	<u>6,324,142</u>	<u>5,942,944</u>
Other expenses:		
Capitation fees	<u>668,492</u>	651,990

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

3 Result for the year (Continued)

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

	2013	2012
	\$	\$
Affiliation fees		
Australian Labor Party	64,854	62,103
CRUMA	50	-
May Day Committee	300	-
ADFA	60	60
Newcastle Trades Hall	3,298	3,298
Unions NSW	44,571	32,373
Unions NSW South Coast Labor Council	2,090	1,538
Workers Educational Association	45	45
Workers Health Centre	1,146	606
Central Coast Trades & Labor Council	-	180
	116,414	100,203
Levies	135,872	11,373
Fees/allowances - meeting and conferences	24,918	19,017
Meeting and conference expenses	3,460	12,171
Donations	9,600	6,863
Grants	-	-
Penalties - via RO Act or RO Regulations	-	-
Consideration to employers for payroll deductions	-	-
Legal costs - litigation	266,976	109,155
Legal costs - other legal matters	11,870	9,691
	278,846	118,846

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

4 Cash and cash equivalents

	Note	2013 \$	2012 \$
Cash on hand		9,100	8,100
Cash at bank		622,099	552,014
		<u>631,199</u>	<u>560,114</u>

5 Trade and other receivables

CURRENT

Trade receivables		96,205	132,778
Provision for impairment	(b)	(20,725)	-
Prepayments		217,152	282,416
Other receivables		107,328	-
		<u>399,960</u>	<u>415,194</u>

NON-CURRENT

Loan - Comet Training Trust		362,544	362,544
Provision for impairment	(b)	(11,684)	(2,271)
		<u>350,860</u>	<u>360,273</u>

The Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch has advanced funds to an associate, the 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 2013 the provision increased by \$9,413 (2012: \$70,202 write down).

(a) Receivables from other reporting units

CFMEU - ACT Branch		<u>1,421</u>	<u>3,788</u>
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Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

5 Trade and other receivables (Continued)

(b) Provision for doubtful debts

Movement in provision for impairment of receivables is as follows:

	2013	2012
	\$	\$
Balance at beginning of the year	2,271	72,473
Additional impairment loss recognised	30,138	-
Reversal of impairment	-	(70,202)
Balance at end of the year	32,409	2,271

The following table details the Union's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Union and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Union.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
2013							
Trade and term receivables	96,205	20,725	-	32,450	4,481	20,138	18,411
Other receivables	107,328	-	-	-	-	-	107,328
Total	203,533	20,725	-	32,450	4,481	20,138	125,739
2012							
Trade and term receivables	132,778	-	-	66,171	31,787	34,820	-
Total	132,778	-	-	66,171	31,787	34,820	-

The other classes of receivables do not contain impaired assets.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

6 Inventories

	2013	2012
Note	\$	\$
CURRENT		
Work apparel - at cost	-	7,593

7 Other financial assets

CURRENT		
Available for sale financial assets	(a) 6,729	4,190

(a) Available-for-sale financial assets comprise:

Listed investments		
- shares in other corporations - fair value	6,729	4,190

8 Property, plant and equipment

Furniture, fixture and fittings		
At cost	1,385,456	1,356,579
Accumulated depreciation	(1,095,842)	(1,021,615)
Total furniture, fixture and fittings	289,614	334,964
Motor vehicles		
At cost	1,042,626	1,120,813
Accumulated depreciation	(742,366)	(778,062)
Total motor vehicles	300,260	342,751
Total property, plant and equipment	589,874	677,715

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

8 Property, plant and equipment (Continued)

(a) Movements in carrying amounts of property, plant and equipment

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 & Fittings	Motor Vehicles	Total
	\$	\$	\$
Year ended 31 December 2013			
Balance at the beginning of year	334,964	342,751	677,715
Additions	66,877	158,681	225,558
Disposals - written down value	-	(47,816)	(47,816)
Depreciation expense	(112,227)	(153,356)	(265,583)
Balance at the end of the year	289,614	300,260	589,874

	Furniture, Fixtures & Fittings	Motor Vehicles	Total
	\$	\$	\$
Year ended 31 December 2012			
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 the end of the year	334,964	342,751	677,715

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

9 Trade and other payables

	Note	2013 \$	2012 \$
CURRENT			
Sundry payables and accrued expenses		311,614	233,219
Capitation fees payable	(a)	85,421	33,521
Legal fees payable		-	29,000
Consideration to employers for payroll deductions		-	-
Payable to State-registered Union	(b)	-	1,313,319
		<u>397,035</u>	<u>1,609,059</u>

(a) Payables to other reporting entities:

CFMEU C&G National Office		85,421	33,521
Payable to State-registered Union		-	1,313,319

(b) Debt forgiven

As at 31 December 2013 the net liability payable to the State-registered Union, after excluding all Federally-registered Union assets and transactions from this financial report, was \$1,593,328. In accordance with a special resolution of the State-registered Union as at 31 December 2013, it was resolved that this debt be forgiven.

10 Other liabilities

Fund held in trust		227,597	390,692
Unexpended grants carried forward		31,958	44,984
		<u>259,555</u>	<u>435,676</u>

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

11 Employee benefits

	2013	2012
	\$	\$
CURRENT		
Long service leave	1,291,391	1,289,105
Provision for employee benefits	1,177,649	1,099,180
	<u>2,469,040</u>	<u>2,388,285</u>
NON-CURRENT		
Long service leave	68,720	40,170
	<u>2,537,760</u>	<u>2,428,455</u>

(a) Total employee benefits attributable to:

Office Holders:

Annual leave	172,108	115,778
Long service leave	161,446	137,910
Separations and redundancies	-	-
Other	-	-
	<u>333,554</u>	<u>253,688</u>

Employees other than office holders:

Annual leave	867,057	879,171
Long service leave	1,198,665	1,191,365
Separation and redundancies	-	-
Other	138,484	104,231
	<u>2,204,206</u>	<u>2,174,767</u>

Total

	<u>2,537,760</u>	<u>2,428,455</u>
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12 Reserves

Financial asset reserve

Change in the fair value of available for sale investments 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 and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

13 Capital and leasing commitments

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2013	2012
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	79,568	77,250
- between 1 year and 5 years	209,841	289,408
	<u>289,409</u>	<u>366,658</u>

Operating leases have been taken out for properties. Lease payments are adjusted on an annual basis to reflect market rentals.

14 Financial risk management

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

The Union's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, 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	2013	2012
		\$	\$
Financial Assets			
Cash and cash equivalents	4	631,199	560,114
Trade receivables	5	96,205	132,778
Other receivables	5	107,328	-
Available-for-sale financial assets - at fair value:			
- listed shares in other corporations	7	6,729	4,190
Total financial assets		<u>841,461</u>	<u>697,082</u>
Financial Liabilities			
Trade and other payables	9	397,035	1,609,059

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

14 Financial risk management (Continued)

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

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the balance sheet due to the effect of discounting.

Financial liability maturity analysis - Non-derivative

	On demand		Total	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables	397,035	295,740	397,035	295,740

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Union.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Union has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

Notes to the Financial Statements

For the Year Ended 31 December 2013

14 Financial risk management (Continued)

Net income and expense from Financial Assets

	2013	2012
	\$	\$
Available for sale		
Gain recognised in equity	<u>2,538</u>	-

15 Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch during the year are as follows:

Short-term employee benefits

Salary and short term leave	528,783	456,546
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Long-term benefits

Long service leave	23,536	33,686
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Post-employment benefits

Superannuation	79,097	73,185
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Termination benefits

	7,010	5,087
	<u>638,426</u>	<u>568,504</u>

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

16 Remuneration of Auditors

	2013	2012
	\$	\$
Remuneration of the auditor of the Union, Daley & Co Chartered Accountants, for:		
- auditing or reviewing the financial statements	43,800	48,585
- taxation services	2,200	2,200
	<u>46,000</u>	<u>50,785</u>

17 Interests in Associates

During the year, the Union purchased 49.99% of the shares in U-Plus Pty Limited for \$5,000. As at 31 December 2013, U-Plus Pty Limited had net assets of \$33,135.

18 Interests in Joint Ventures

The Union has joint control over the Comet Training Trust. The carrying value of this investment at 31 December 2013 is \$100 (2012: \$100).

19 Fair Value Measurement

The Union measures its financial assets, being listed shares at fair value on a recurring basis.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

19 Fair Value Measurement (Continued)

Fair value hierarchy (Continued)

The table below shows the assigned level for each asset and liability held at fair value:

	Level 1	Level 2	Level 3	Total
31 December 2013	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Listed Shares	6,729	-	-	6,729
<hr/>				
	Level 1	Level 2	Level 3	Total
31 December 2012	\$	\$	\$	\$
Recurring fair value measurements				
Financial assets				
Listed Shares	4,190	-	-	4,190
<hr/>				

20 Contingent liabilities and contingent assets

In the opinion of the Committee of Management, the Union did not have any contingencies at 31 December 2013 (31 December 2012:None).

21 Related party transactions

Related Parties

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 15: Key Management Personnel Compensation.

(b) 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.

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

21 Related party transactions (Continued)

(b) Transactions with related parties (Continued)

The following transactions occurred with related parties:

(i) Income

	2013	2012
Note	\$	\$
Distributions from Comet Training Trust	74,104	-
Fees from UPlus shared service agreement	423,173	-
Debt forgiveness - State-registered Union payable	9(b) 1,593,328	-

(ii) Rental expense

CFMEU National Office	89,308	54,729
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(iii) Capitation and other fees

CFMEU C&G National Office - Capitation Fees	668,492	651,990
CFMEU C&G National Office - Levies	135,872	-
Expenses relating to Darwin Branch - paid to National office	-	4,194

(iv) Trade and other receivables

CFMEU ACT Branch	1,421	3,788
Distributions receivable from Comet Training Trust	74,104	-

Loans to other related parties:

Loan to Comet Training Trust	350,860	360,273
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(v) Trade and other payables:

CFMEU National Office	85,421	33,521
Payable to U-Plus Pty Limited	5,000	-

Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

22 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:

	2013	2012
	\$	\$
Result for the year	1,246,409	193,023
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	265,583	303,479
- net gain on disposal of plant and equipment	(25,411)	(17,995)
- gain on revaluation of investment in associate	(11,564)	-
Changes in assets and liabilities:		
- decrease in trade and other receivables	24,647	52,453
- decrease in other assets	7,593	113,351
- decrease in trade and other payables	(1,388,145)	(175,465)
- increase in employee benefits	109,305	197,529
Cashflow from operations	<u>228,417</u>	<u>666,375</u>

(b) Cash flow information - cash outflows to other reporting units

CFMEU C&G National Office	<u>(752,464)</u>	<u>(819,953)</u>
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Construction Forestry Mining and Energy Union Construction and General Division

New South Wales Divisional Branch

Notes to the Financial Statements

For the Year Ended 31 December 2013

23 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.

24 Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of the members is drawn to the provisions of Sub-sections [1] and [3] of Section 272 which reads as follows:-

Information to be provided to members or the General Manager of Fair Work Australia:

- [1] A member of a reporting unit, or the General Manager of Fair Work Australia, 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 and Energy Union Construction and General Division New South Wales Divisional Branch

Recovery of Wages Activity

For the Year Ended 31 December 2013

	2013	2012
	\$	\$
Opening balance of wage claim account	5,952	(86)
Receipts		
Amounts recovered from employers in respect of wages	1,459,143	2,529,130
Interest received on recovered money	-	7
	1,459,143	2,529,137
Payments		
Deductions of amounts due in respect of membership for:		
- 12 months or less	(57,228)	(90,011)
- Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
- The reporting unit - Fighting Fund	(27,509)	(52,906)
- Other entities:		
- ACIRT	(57,616)	(266,624)
- CBUS	(67,066)	(637,672)
- Refund of employers	(1,181)	(4,797)
Payments to workers in respect of recovered monies	(1,250,358)	(1,471,052)
	(1,460,958)	(2,523,062)
Bank fees to be reimbursed	(15)	(37)
Balance of wage claim account	4,122	5,952
 (a) Number of workers to which receipts recovered from employers relate	 767	 969
(b) Number of workers to which undistributed wage recoveries relate	6	-

The accompanying notes form part of these financial statements.

**Independent Audit Report to the members of
Construction Forestry Mining and Energy Union Construction and General Division New South
Wales Divisional Branch**

Report on the Financial Report

We have audited the accompanying financial report of Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch, which comprises the balance sheet as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Committee of Management Statement.

Committee of Management and Accounting Officer's Responsibility for the Financial Report

The Committee of Management and the Accounting Officer are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009, 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 the Committee of Management and the Accounting Officer, 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 qualified 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 and Energy Union Construction and General Division New South
Wales Divisional Branch**

Basis for Qualified Opinion

As disclosed in Note 1(n) of the financial report, due to time restrictions and limitations in the Union's internal reporting systems, the Committee of Management believe that it is impracticable to reliably estimate the amount of deferred revenue or trade debtors to be disclosed in the balance sheet as at 31 December 2013 or the comparative period as at 31 December 2012 in relation to membership revenue. As a result of this limitation, membership revenue has been recognised in the statement of profit or loss and other comprehensive income on a cash basis for the years ended 31 December 2013 and 31 December 2012. Consequently, we were unable to obtain sufficient appropriate audit evidence to determine whether any adjustments to these financial statement line items were necessary to account for these transactions on an accruals basis, as is required under Australian Accounting Standards.

Qualified Opinion

In our opinion, except for the effects of such adjustments, of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects, the financial position of the Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch as at 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with:

- (a) the Australian Accounting Standards;
- (b) any other requirements imposed by the Reporting Guidelines of Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009; and
- (c) in relation to recovery of wages activity, including:
 - 1. any fees charged to or reimbursements of expenses claimed from members and other for recovery of wages activity; and
 - 2. any donations or other contributions deducted from recovered money.
- iii) That the scope or audit encompassed recovery of wages activity; and
- iv) 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 Fair Work Australia.

I declare that I am an approved auditor, a member of the Institute of Chartered Accountants in Australia and hold a current Certificate of Public Practice.

**Independent Audit Report to the members of
Construction Forestry Mining and Energy Union Construction and General Division New South
Wales Divisional Branch**

I declare that management's use of the going concern basis of accounting in preparation of the Union's financial statements is appropriate.

Daley & Co.
Daley & Co
Chartered Accountants

Michael Mundt
Michael Mundt
Partner

Wollongong

6 June 2014

Liability is limited by a scheme approved under Professional Standards Legislation

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

Certificate of Secretary

Certificate for the period ended 31 December 2013

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

- that the documents lodged herewith are copies of the full report for the Construction Forestry Mining and Energy Union Construction and General Division New South Wales Divisional Branch for the period ended 31 December 2013 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 6 June 2014; and
- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 30 May 2014 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Brian Parker

Divisional Secretary

6 June 2014



28 February 2014

Mr Brian Parker
Divisional Trustee / Branch Secretary
Construction, Forestry, Mining and Energy Union-Construction and Gen. Division, NSW Div. Branch

Sent by email: bparker@nsw.cfmeu.asn.au

Dear Mr Parker,

**Re: Lodgement of Financial Report - [FR2013/440]
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Construction and General Division, New South Wales Divisional Branch of the Construction, Forestry, Mining and Energy Union (the reporting unit) ended on 31 December 2013.

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 2014 (being the expiry date of 6 months and 14 days from 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 and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. Additionally, the General Manager's updated Reporting Guidelines, that apply to all financial reports prepared on or after 30 June 2013, are also available on the website as is our webinar on the financial Reporting Guidelines.

The Fair Work Commission has also developed a model set of financial statements for the 2012-2013 financial year. There is no requirement to use this model but it may be a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. All of the above information can be accessed through our website under [Compliance & litigation](#).

The financial report and any statement of loans, grants or donations made during the financial year [statement must be lodged within 90 days of end of financial year] can be emailed to orgs@fwc.gov.au. A sample statement of loans, grants or donations is available at [sample documents no.5](#)

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 \$51,000 for a body corporate and \$10,200 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.		
<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	/ /	<p>Within a reasonable time of having received the GPFR</p> <p>(NB: Auditor's report must be dated on or after date of Committee of Management Statement</p>
<p>Provide full report free of charge to members – s265</p> <p>The full report includes:</p> <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. 	/ /	<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>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 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.