



Australian Government
Australian Industrial Registry

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Ref: FR2005/582

Mr Wallace Trohear
Divisional Branch Secretary
CFMEU Construction & General Division
Queensland Construction Workers Divisional Branch
366 Upper Roma Street
BRISBANE QLD 4000

Dear Mr Trohear

Financial Return - year ending 31 December, 2005

Our records show your organisation's financial year ended recently. This letter outlines some of the things you must do to meet your financial reporting obligations and when you have to do them. For simplicity, we will call the documents you have to lodge with us your *financial return*.

Legislation

This letter is intended as guide to the law applicable on the date of this letter and should not be used as a substitute for legal or accounting advice. We only summarise some of the reporting requirements in this letter. More detailed information is at the end of this letter.

In May 2003 the Industrial Registrar wrote to all organisations forwarding a number of facts sheets outlining the major changes made by Schedule 1B of the Workplace Relations Act 1996 ('RAO'¹). While the immediate changes affected the rules and elections in organisations, the changes affecting financial returns involve a longer lead time.

The key differences under the new legislation affecting financial returns are:

- a reduced financial reporting cycle (now maximum periods of 5 or 6 months depending on internal arrangements of organisation)
- a greater emphasis given to Australian Accounting Standards
- the introduction of a new report, known as an Operating Report (broadly similar in concept to a Director's Report under the corporations legislation)
- extensions of time are limited to one month
- restructured penalty provisions involving more extensive use of Civil Penalties
- the introduction of the Industrial Registrar's Reporting Guidelines
- organisations and their branches to report according to their financial structures, known as 'reporting units'.

We recommend you discuss the new requirements with your accountant or auditor.

¹ Registration and Accountability of Organisations Schedule (RAO) (Schedule 1B to the *Workplace Relations Act 1996*)

Reporting Unit

One of the new concepts of the RAO legislation is that reporting entities are known as "*reporting units*". Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation **is** divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will refer to your organisation as a reporting unit in this letter.

Industrial Registrar's Guidelines

The Industrial Registrar's reporting guidelines set out certain disclosure requirements in addition to those prescribed by Australian Accounting Standards having in mind the nature of organisations registered under the Workplace Relations Act.

The disclosure requirements prescribed by the reporting guidelines are directed towards providing members of the reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit. In addition, the reporting guidelines seek to improve the quality of information available to users of the financial report about the reporting unit's economic support of, or economic dependency on, other reporting units of the organisation.

Timeline Planner and Checklist

We have attached a Timeline/Planner (*Attachment A*) to help you **plan** your financial return and carry out all the necessary steps. We have also attached a Document Checklist (*Attachment B*) to **check** your documents before lodging them in the Registry. Both documents are abbreviated summaries of the relevant provisions of the RAO Schedule, RAO Regulations and the Industrial Registrar's Reporting Guidelines.

In the following section we describe some of the documents your reporting unit must prepare and the sequence of their preparation and completion.

Three Reports

Your reporting unit must prepare two reports as soon as practicable after its financial year, which, together with the Auditor's Report, comprise the reporting unit's financial return.

1. **General Purpose Financial Report** - this must comply with the Australian Accounting Standards and the Industrial Registrar's Reporting Guidelines. The GPFR consists of:

Financial Statements containing:

- a profit and loss statement, or other operating statement; and
- a balance sheet; and
- a statement of cash flows; and
- any other statements required by the Australian Accounting Standards; and

Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255); and

Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at Attachment C)

2. **Operating Report** - this report includes a review of your reporting unit's principal activities for the year and other specified information.

Your reporting unit must appoint an auditor to audit the GPFR and to provide:

3. an **Auditor's Report**.

First Meeting (Committee of Management)

For simplicity, we will call the meeting at which the committee of management first considers the GPFR the first meeting. At the first meeting your committee, if satisfied that all is in order, will resolve to express its opinion on the GPFR and complete a Committee of Management Statement.

The Auditor

After the first meeting, the auditor takes the GPFR and the Committee of Management Statement and prepares a report on the GPFR. In practice, your auditor may have already completed most of his or her examination of your accounts. The auditor may only be waiting on the Committee to pass the required resolution and make the Statement before signing the report the same day.

Informing Your Members

Your reporting unit must provide free of charge to the general membership, copies of the GPFR, the Operating Report and the Auditor's Report. RAO calls these the "full report". Under certain circumstances, your reporting unit can provide a more limited *concise report*.

The reporting unit can meet its obligation to provide copies of the full or concise report to members by publishing the report in a journal that is available to the members free of charge.

A reporting unit may meet this obligation in whole or in part by publication of the report in a journal published on a web site on the Internet dependent on:

- a. the extent of the accessibility of the members of the reporting unit to the Internet; and
- b. that the members are notified by the reporting unit in the usual manner in which it communicates with its members that the report has been so published at a specified Internet address.

The report must be provided within 5 or 6 months from the end of the financial year, depending on the internal arrangements of the organisation for the presentation of its financial reports.

The Second Meeting - if it is a General Meeting of Members

After providing the full report to members it must be presented to a general meeting of members. For simplicity this is referred to as the *second meeting*.

Your reporting unit must always allow a minimum of 21 days for members to receive the full report before presenting it to a general meeting of members (s265(5)). The purpose of the interval and the second meeting is to enable the members to have time to consider the report and, if they wish, to attend the second meeting to discuss it.

If the rules of the organisation permit a general meeting to be a series of meetings held at different locations, the full report may be presented to such a series of meetings. In this case the 'date' of the general meeting is taken to be the date of the last meeting in the series (see s266(2)).

The Second Meeting - if it is a Committee of Management Meeting

If the rules of your organisation contain a provision that allows up to 5% of members to demand a general meeting to be held consider the report (see s266(3)), it is permissible to present the report directly to a Committee of Management meeting.

Lodge full report within 14 days of meeting

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at www.airc.gov.au). When lodging the financial return please quote: **FR2005/582**.

The Secretary (or another officer appropriately authorised under the rules of the organisation) must *certify* that the full report is a copy of the one provided to members and presented to the second meeting and provide the date of the meeting (a sample certification for illustrative purposes is at *Attachment D*).

When we receive your return we will check that it includes the information you must provide your members and that you have provided it to them correctly.

Complying with time limits

This letter has outlined some of the steps in preparing and lodging your return. Many of the steps must be completed within fixed time limits.

Failure to complete them in time could make your reporting unit or its officers liable to financial or "civil penalties".

Extensions of Time

We appreciate that sometimes circumstances beyond your reporting unit's control may delay completion of a financial return. If you believe your reporting unit is going to be unable to meet a time limit tell us as soon as you know. We can advise you if the step is one for which you may apply under RAO to the Industrial Registrar for extra time to complete. The maximum extra time allowed can be no more than one month.

Reduced Reporting Requirements

If your reporting unit meets certain conditions, some of these reporting requirements can be reduced. Such conditions might be where the annual income of the reporting unit (where the reporting unit is the whole of the organisation) is less than \$100,000, or where the reporting unit has no financial affairs in the financial year, or where the financial affairs of the reporting unit are encompassed by the financial affairs of its counterpart State industrial association.

Contact the Registry

We encourage you to contact the Registry on (02) 8374 6666 or by e-mail at belinda.penna@air.gov.au as early as possible if you believe preparation or lodgment of your return will be delayed or if you have any queries. We can offer you advice on procedure but we cannot give you legal or accounting advice.

Information on AIRC Website

We recommend you and your accountant/auditor refer to the following documents on the Commission's website at www.airc.gov.au:

- RAO Schedule and RAO Regulations
- Registrar's Reporting Guidelines - All GPFR's must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- RAO Fact Sheets - These Fact Sheets explain the new requirements of the RAO Schedule - many of them deal with financial reporting matters.

Yours sincerely



For Deputy Industrial Registrar
27 January 2006

Documents Checklist

You can use this checklist as soon as possible after the financial year ends to ensure you have all the necessary documents prepared and that those documents contain all information required by RAO.

You can also use this checklist to ensure all documents in your financial return are complete before lodging them in the Registry.

No	Document	✓
1	General Purpose Financial Report	
	Does the report contain a Profit and Loss Statement?	
	Does the report contain a Balance Sheet?	
	Does the report contain a Statement of Cash Flows?	
	Does the report contain notes to the financial statements as required by AAS and the reporting guidelines?	
	Does the report contain all other information required by the reporting guidelines?	
2	Committee of Management Statement	
	Is the statement signed by the officer responsible for undertaking functions necessary to enable the reporting unit to comply with RAO?	
	Is the statement dated?	
	Is the statement in accordance with a resolution of the committee?	
	Does the statement specify the date of the resolution?	
	Does the statement contain declarations required by the reporting guidelines?	
3	Auditor's Report	
	Is the Report dated and signed by the auditor?	
	Is the name of the auditor clear?	
	Are the qualifications of the auditor on the report?	
	Has the auditor expressed an opinion on all matters required?	
4	Operating Report	
	Is the report signed and dated?	
	Does the report provide the number of members?	
	Does the report provide the number of employees?	
	Does the report contain a review of principal activities?	
	Does the report give details of significant changes?	
	Does the report give details of right of members to resign?	
	Does the report give details of superannuation trustees?	
	Does the report give details of membership of the committee of management?	
5	Concise report*	
6	Certificate of Secretary or other Authorised Officer	
	Is the certificate signed and dated?	
	Is the signatory the secretary or another officer authorised to sign the certificate?	
	Is the date that the report was provided to members stated?	
	Is the date of the Second Meeting at which the report was presented stated?	
	Does the certificate state that the documents are copies of those provided to members?	
	Does the certificate state that the documents are copies of those presented to the Second Meeting?	

* This is an optional way of providing documents to members (see RAO s265(3) and RAO Reg. 161).

Committee Of Management Statement

On *[date of meeting]* the Committee of Management of *[name of reporting unit]* passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended *[date]*:

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

- (a) the financial statements and notes comply* with the Australian Accounting Standards;
- (b) the financial statements and notes comply* with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view* of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds* to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held* in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been* managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been* kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - #(iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been* kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - #(v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been* furnished to the member or Registrar; and
 - #(vi) there has been* compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

For Committee of Management: *[name of designated officer per section 243 of the RAO Schedule]*

Title of Office held:

Signature:

Date:

* *Where compliance or full compliance has not been attained - set out details of non compliance instead.*

Where not relevant these may be modified accordingly (e.g. in (vi) "No orders have been made by the Commission under section 273 of the RAO Schedule during the period."

Certificate of Secretary or other Authorised Officer¹

s268 of Schedule 1B *Workplace Relations Act 1996*

I [name] being the [title of office] of the [name of the organisation] certify:

- that the documents lodged herewith are copies of the full report, [and the concise report]², referred to in s268 of the RAO Schedule; and
- that the [full report OR concise report]³, was provided to members on [insert date]; and
- that the full report was presented to [a general meeting of members OR the last of a series of general meetings of members OR a meeting of the committee of management]³ of the reporting unit on [insert date]; in accordance with section 266 of the RAO Schedule.

Signature

Date:

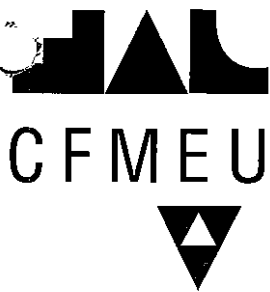
¹RAO regulation 162 prescribes the designated officer for the purpose of RAO schedule s268 as:

(a) the secretary; or

(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

²Only applicable where a concise report is provided to members

³Insert whichever is applicable



TR/nd.returns

CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

10th July, 2006

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

Dear Sir/Madam,

Re: Financial Returns

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

Please confirm receipt at your earliest convenience.

Yours faithfully,

TOM ROBERTS
National Legal Officer

Encl.



CONSTRUCTION &
GENERAL DIVISION
ABN 46 243 168 565

JOHN SUTTON
National Secretary

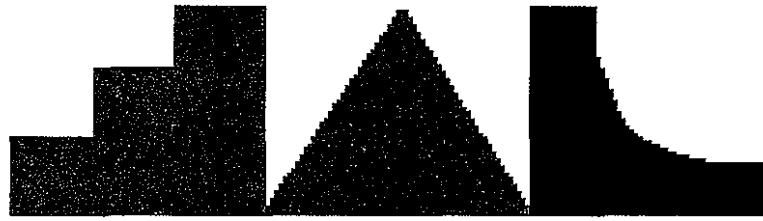
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C F M E U



**CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
QUEENSLAND CONSTRUCTION WORKERS DIVISIONAL BRANCH**

Financial Report

For the year ended 31 December 2005

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Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch
Income Statement for the year ended 31 December 2005

	Note	2005 \$	2004 \$
REVENUE			
<i>Operating activities</i>			
Revenue as per FFTS administration agreement	3	103,710	86,471
Membership subscriptions		5,118,934	4,548,880
Compulsory levy - Defence Fund		346,453	-
Compulsory levy - Royal Commission		-	24,312
Voluntary Levy - Tool Scheme		57,055	40,230
Voluntary contributions - Defence Fund		62,958	-
Grants Apprentice Scheme		232,743	201,923
<i>Non-operating activities</i>			
Interest		289,070	207,894
Sundry income and reimbursement		263,706	258,724
Total revenue		6,474,629	5,368,434
EXPENDITURE			
Affiliation fees	4	577,729	533,967
Employee related costs	5	2,892,377	2,647,526
Grants Apprentice Scheme		232,743	201,923
Depreciation	6	188,994	202,267
Loss on disposal of property, plant & equipment		2,256	2,465
Meeting costs	7	63,708	99,781
Other	8	1,339,209	1,036,664
Total expenses		5,297,016	4,724,593
Surplus before income tax		1,177,613	643,841
Income tax expense	2	-	-
Surplus attributable to the Union		1,177,613	643,841
Revaluation increment	16	215,948	-
Total changes in equity		1,393,561	643,841

The accompanying notes form part of these financial statements.

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch
Balance Sheet as at 31 December 2005

	Note	2005 \$	2004 \$
Current assets			
Cash and cash equivalents	9	2,836,703	1,748,720
Financial assets	10	500,000	-
Receivables	11	80,674	71,997
Prepayments		130,614	112,832
Total current assets		3,547,991	1,933,549
Non-current assets			
Financial assets	10	1,524,356	2,226,425
Property, plant and equipment	12	1,487,063	1,201,514
Total non-current assets		3,011,419	3,427,939
Total assets		6,559,410	5,361,488
Current liabilities			
Trade and other payables	13	480,802	491,678
Short-term provisions	14	477,206	465,827
Other	15	191,869	400,921
Total current liabilities		1,149,877	1,358,426
Non-current liabilities			
Long-term provisions	14	558,627	545,717
Total non-current liabilities		558,627	545,717
Total liabilities		1,708,504	1,904,143
Net assets		4,850,906	3,457,345
Equity			
Asset revaluation reserve	16	304,091	88,143
Retained earnings		4,546,815	3,369,202
Total equity		4,850,906	3,457,345

The accompanying notes form part of these financial statements.

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch
Statement of Changes in Equity for the year ended 31 December 2005

	Retained earnings			Asset
	General Fund	Defence Fund	Total	revaluation
	\$	\$	\$	reserve
				\$
Balance at 1 January 2004	2,933,074	-	2,933,074	88,143
Retrospective adjustment for change in accounting policy	(207,713)		(207,713)	
Surplus attributable to the Union	643,841		643,841	
Balance at 31 December 2004	3,369,202	-	3,369,202	88,143
Surplus attributable to the Union	693,927	483,686	1,177,613	
Revaluation increment				215,948
Balance at 31 December 2005	4,063,129	483,686	4,546,815	304,091

The accompanying notes form part of these financial statements.

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch
Cash Flow Statement for the year ended 31 December 2005

	Note	2005 \$	2004 \$
<i>Cash flows from operating activities</i>			
Receipts from members		6,074,687	5,074,930
Receipts from FFTS administration agreement		114,081	94,187
Receipts from CFMEU C&G National Office		26,904	1,686
Receipts from BLF		43,616	10,899
Donations received		1,000	-
Grant receipts		22,100	546,512
Interest received		264,897	201,135
Wage claim receipts		157,417	326,424
Royal Childrens Hospital donations collected		222,630	30,325
Other sundry receipts		236,602	267,259
Payments to CFMEU C&G Federal Office		(590,450)	(448,552)
Payments to CFMEU FFTS National Office		(22,207)	(17,081)
Payments to CFMEU C&G West Australian Division		(4,522)	-
Payments to CFMEU Mining National Office		(627)	-
Payments to CFMEU C&G Tasmanian Division		-	(10,000)
Payments to BLF		(7,791)	(3,348)
Payment of donations to Royal Childrens Hospital		(234,548)	(186,655)
Payments to other suppliers and employees		(4,963,487)	(4,405,694)
Wage claim payments		(158,585)	(331,344)
Net cash provided by operating activities	20	1,181,717	1,150,683
<i>Cash flow from investing activities</i>			
Purchase of fixed assets		(528,664)	(416,395)
Proceeds from sale of fixed assets		234,930	162,201
Purchase of investments		-	(2,200,000)
Proceeds from investments		200,000	-
Net cash provided (used) by investing activities		(93,734)	(2,454,194)
Net increase (decrease) in cash held		1,087,983	(1,303,511)
Cash at the beginning of the year		1,748,720	3,052,231
Cash at the end of the year	9	2,836,703	1,748,720

The accompanying notes form part of these financial statements.

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Recovery of Wages Activity Report (Cash Basis) for the year ended 31 December 2005

		2005	2004	\$
	Note	No of Workers	No of Workers	
Cash assets in respect of recovered money at the beginning of the year				1,908
Receipts				
Amounts recovered from employers in respect of wages etc		135		157,417
Interest received on recovered money				55
Nett bank charges reimbursed from general account				810
Total receipts				158,282
Payments				
Deductions of amounts due in respect of membership for:				
12 months or less				5,549
greater than 12 months				-
Deductions of donations or other contributions to accounts or funds of:				
Other entities:				
BEWT				800
CIPQ				2,761
BERT				24,680
BUSSQ				43,035
Deductions of fees or reimbursement of expenses				-
Payments to workers in respect of recovered money				81,760
Bank charges				338
Total payments				158,923
Cash assets in respect of recovered money at the end of the year	9			1,267
Amounts recovered but not yet paid to workers	13	5		1,267

The accompanying notes form part of these financial statements.

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

Note 1: Information to be provided to members

In accordance with the requirements of the *Workplace Relations Act 1996*, the attention of members is drawn to the provisions of Schedule 1B section 272 as follows:

- (1) A member of a reporting unit, or a Register, 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).

Note 2: Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *Workplace Relations Act 1996*.

The financial report covers the Construction, Forestry, Mining and Energy Union, Construction and General Division, Queensland Construction Workers Divisional Branch as an individual reporting unit.

The financial report complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Union in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

First time adoption of Australian Equivalents to International Financial Reporting Standards

The Union has changed accounting policies to reflect changes to the recognition and measurement criteria resulting from the introduction of Australian equivalents to International Financial Reporting Standards. Retrospective adjustments have been made to comparative information where applicable.

Reporting Basis and Conventions

The financial report has been prepared on a modified accruals basis where:

- in accordance with Schedule 1B section 252(4) of the *Workplace Relations Act 1996*, membership subscriptions are kept on a cash basis; and
- in accordance with paragraph 19 of the Reporting Guidelines for the purposes of section 253 of the RAO Schedule, the Recovery of Wages Activity Report is prepared under the cash basis of accounting.

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

Note 2: Statement of significant accounting policies (contd)

The financial report is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Income tax

No provision for income tax is necessary as trade unions are exempt from income tax under Section 50-15 of the *Income Tax Assessment Act 1997*.

(b) Property, plant and equipment

Property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

In accordance with Queensland legislation (Schedule 4 of the *Industrial Relations Regulations 2000*) revaluations of assets are shown as income.

Property

Land and buildings are shown at their fair value less subsequent depreciation for buildings. Property held for investment purposes is not depreciated.

Plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by the Union to ensure it is not in excess of the recoverable amount from those assets.

Depreciation and amortisation

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the Union commencing from the time the assets is held ready for use. Motor vehicles are depreciated on a diminishing value basis.

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

<i>Fixed asset</i>	<i>Rate</i>
Buildings	4%
Motor vehicles	25%
Air conditioning plant	10.0%
Computer equipment	20%
Office equipment	20%
Office furniture	12.5%
<i>Intangibles</i>	
Computer software	12.5%

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

Note 2: Statement of significant accounting policies (contd)

(c) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held to maturity investments

These investments have fixed maturities, and it is the Union's intention to hold these investments to maturity. Any held to maturity investments held by the Union are stated at amortised cost using the effective interest rate method.

Available for sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

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

Fair value

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

Impairment

At each reporting date, the Union assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(d) Impairment of Assets

At each reporting date, the Union reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and its depreciated replacement value, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

Note 2: Statement of significant accounting policies (contd)

(e) Employee benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

(f) Provisions

Provisions are recognised when the Union has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Cash and Cash Equivalents

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

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Comparative Figures

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

Critical accounting estimates and judgements

The Union evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

Key estimates - Impairment

The Union assesses impairment at each reporting date by evaluating conditions specific to the Union that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

Note 2: Statement of significant accounting policies (contd)

(j) BERT Fund

As a sponsor of the BERT Fund the Union may receive distributions of income from the Fund. In accordance with the Sponsors Deed all distributions must be loaned back to the Fund until they are expended on welfare or related assistance as agreed upon by the Sponsors. The distributions from the Fund and welfare assistance paid from the loan account are not shown as income or expenditure of the Union as the union has no control over the funds nor are the funds available for Union purposes.

	2005	2004
	\$	\$
Note 3: FFTS membership subscriptions		
Membership subscriptions	98,324	76,978
Compulsory levy - Defence Fund	568	-
Compulsory levy - Royal Commission	-	1,918
Joining fees	4,818	7,575
	103,710	86,471

These amounts reflect the entries as recorded whilst under the administration of The Construction, Forestry, Mining and Energy, Industrial Union of Employees, Queensland.

Note 4: Affiliation fees

Political	47,175	49,392
CFMEU C&G National Office	447,874	422,784
CFMEU FFTS National Office	19,665	15,396
Other	63,015	46,395
	577,729	533,967

Note 5: Employee related costs

Employee remuneration - officials	1,254,062	855,529
Employee remuneration - staff	599,401	865,398
External agencies	20,656	13,850
BERT contributions	79,140	73,822
CIPQ Insurance	17,290	16,840
Annual leave entitlements	23,644	32,722
Long service leave entitlements	53,601	59,992
Fringe benefits tax	52,236	44,097
Payroll tax	125,586	109,459
Superannuation	649,759	561,441
Workcover insurance	17,002	14,376
	2,892,377	2,647,526

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

	2005 \$	2004 \$
Note 6: Depreciation		
Building	-	15,948
Motor vehicles	158,849	156,952
Plant and equipment	30,145	29,367
	188,994	202,267
Note 7: Meetings costs		
Attendance fees	19,584	22,382
Convention expenses	-	46,236
SMC & state executive expenses	28,256	15,579
Sub-branch expenses	9,008	8,363
Other meeting expenses	6,860	7,221
	63,708	99,781
Note 8: Other operating costs		
Accounting service	100,498	90,015
Administration expenditure	44,660	42,841
Advertising & marketing	166,620	26,090
Aged auxiliary	14,488	14,112
Auditors remuneration - audit services	13,080	14,390
Computer expenses	12,153	10,847
Communications	86,732	81,310
Conference expenses	26,164	12,556
Donations - political	-	80,000
Donations - other	61,335	2,900
Interest paid	-	49
International delegates	19,523	11,846
Journal expenses	73,587	57,775
Labour Day expenses	9,289	7,639
Legal fees	151,395	62,583
Miscellaneous expenses	5,911	5,620
Motor vehicle expenses	208,467	191,173
Organising expenses	191,045	182,658
Postage	36,947	33,649
Printing and stationery	58,679	55,156
Rent and cleaning	28,868	25,614
Subscriptions	5,918	5,717
Tool claims paid	2,705	2,562
Training	21,145	19,562
	1,339,209	1,036,664

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

	2005 \$	2004 \$
Note 9: Cash and cash equivalents		
Petty cash on hand	4,300	4,200
Bank - general account	91,003	65,239
Bank - recovery of wages account	1,267	1,908
Short-term bank deposits	621,676	365,218
Term deposits maturing in less than 3 months	1,618,457	1,312,155
Debentures	500,000	-
	2,836,703	1,748,720
Note 10: Financial assets		
<i>Current</i>		
<i>Held to maturity investments:</i>		
Debentures	500,000	-
Total current financial assets	500,000	-
<i>Non-current</i>		
<i>Available for sale financial assets:</i>		
Unlisted investments		
Units in Trade Union Centre Rockhampton at cost	23,678	23,678
Union House Partnership at fair value	678	2,747
	24,356	26,425
<i>Held to maturity investments:</i>		
Notes	1,500,000	1,000,000
Debentures	-	500,000
Term deposits	-	700,000
	1,500,000	2,200,000
Total non-current financial assets	1,524,356	2,226,425

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

	2005 \$	2004 \$
Note 11: Receivables		
Interest	51,630	27,457
FEDFA	16,850	16,850
BLF	9,476	260
CFMEU National office	1,845	2,052
Other	5,873	30,378
	<u>85,674</u>	<u>76,997</u>
Less: Provision for impairment of receivables	(5,000)	(5,000)
	<u>80,674</u>	<u>71,997</u>
Note 12: Property, Plant and Equipment		
Land and buildings - 1/6 share Union House		
Land at independent valuation 2005	140,000	100,000
Building at independent valuation 2005	560,000	400,000
Less: accumulated depreciation	-	(15,948)
	<u>700,000</u>	<u>484,052</u>
Motor vehicles - at cost	823,407	802,070
Less: accumulated depreciation	(168,260)	(200,996)
	<u>655,147</u>	<u>601,074</u>
Plant and equipment - at cost	374,092	372,113
Less: accumulated depreciation	(242,176)	(255,725)
	<u>131,916</u>	<u>116,388</u>
	<u>1,487,063</u>	<u>1,201,514</u>

The Union's land and buildings were revalued at 31 December 2005 by independent valuers. Valuations were made on the basis of open market value. The revaluation surplus was credited to an asset revaluation reserve.

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

Note 12: Property, Plant and Equipment contd

Movements in carrying amounts

	Land and Buildings \$	Motor vehicles \$	Plant and equipment \$	Total \$
Balance at start of year	484,052	601,074	116,388	1,201,514
Additions	-	434,798	45,806	480,604
Disposals	-	(216,218)	(133)	(216,351)
Revaluation increments	215,948	-	-	215,948
Depreciation expense - Note 6	-	(158,849)	(30,145)	(188,994)
Depreciation - Apprentice Scheme	-	(5,658)	-	(5,658)
Carrying amount at end of year	700,000	655,147	131,916	1,487,063

2005
\$

2004
\$

Note 13: Trade and other payables

Trade	146,493	28,623
GST	105,294	95,732
Appeals	34,173	46,091
Sundry Creditors		
CFMEU C&G National Office	101,751	128,636
CFMEU FFTS National Office	788	1,312
BLF	-	121
Other	91,036	188,728
Wages collected on behalf of members	1,267	2,435
	480,802	491,678

Note 14: Provisions

Employee entitlements:

Opening Balance at 1 January 2005	1,011,544	717,463
Retrospective adjustment for change in accounting policy		207,713
Additional provisions raised during year		
General fund - note 5	77,245	92,714
Apprentice Scheme	13,036	1,694
Amounts used	(65,992)	(8,040)
Balance at 31 December 2005	1,035,833	1,011,544

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

	2005 \$	2004 \$
Note 14: Provisions contd		
<i>Analysis of employee entitlements:</i>		
Current	477,206	465,827
Non-current	558,627	545,717
	1,035,833	1,011,544

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in note 2.

Note 15: Other current liabilities

Revenue received in advance

Apprentice Scheme Funding	164,069	376,721
Other	27,800	24,200
	191,869	400,921

Note 16: Reserves

The asset revaluation reserve records revaluations of non-current assets.

Note 17: Defence Fund

Compulsory levy - Defence Fund	347,021	-
Voluntary contributions - Defence Fund	62,958	-
Union contribution from general fund	111,227	-
Less: expenditure	(37,520)	-
	483,686	-

The Defence Fund has been established to provide additional resources needed to defend our members against increasing attacks from employers and the Federal Government.

Note 18: Contingent liabilities

There are no known contingent liabilities of a significant nature at balance date.

Note 19: Events after the Balance Sheet date

There have been no significant events occurring after the end of the financial year.

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

	2005	2004
	\$	\$
Note 20: Cash flow information		
(a) Reconciliation of cash flow from operations with surplus from ordinary activities after income tax		
Surplus from ordinary activities after income tax	1,177,613	643,841
Non-cash flows in ordinary activities		
Depreciation expense - Note 6	188,994	202,267
Depreciation - Apprentice Scheme	5,658	5,337
Net loss on disposal of fixed assets	2,778	2,465
Union House partnership loss	2,069	1,055
Changes in assets and liabilities		
(Increase) decrease in receivables	(8,677)	(12,479)
(Increase) decrease in prepayments	(17,782)	(55,979)
Increase (decrease) in payables of an operating nature	15,827	(68,181)
Increase (decrease) in other liabilities	(209,052)	345,989
Increase (decrease) in provisions	24,289	86,368
	<u>1,181,717</u>	<u>1,150,683</u>

(b) There were no non-cash financing or investment activities during the year.

(c) The union has no credit stand-by arrangement or loan facilities.

Note 21: Financial instruments

(a) Financial risk management

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

(b) Interest rate risk

The Union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates is as follows:

	2005	2004
	\$	\$
Financial assets		
Cash at bank and on hand	96,570	71,347
Deposits at call	621,676	365,218
Term deposits	1,618,457	2,012,155
Notes and debentures	2,500,000	1,500,000
	<u>4,836,703</u>	<u>3,948,720</u>

Financial liabilities

Nil

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Notes to the Financial Statements for the year ended 31 December 2005

Note 21: Financial instruments contd

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and notes to the financial statements.

(d) Net fair values

The net fair values of listed investments have been valued at the quoted market bid price at balance date. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Union intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Note 22: Union details

The principal place of business of the Union is:

Construction, Forestry, Mining and Energy Union, Construction and General Division,
Queensland Construction Workers Divisional Branch
366 Upper Roma Street
Brisbane Qld 4000

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

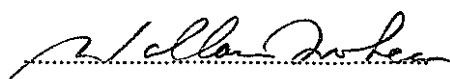
Committee of Management Statement for the year ended 31 December 2005

(Workplace Relations Act 1996 Cwlth)

In accordance with a resolution passed by the Committee of Management of the Construction, Forestry, Mining and Energy Union, Construction and General Division, Queensland Construction Workers Divisional Branch on2 March.....2006 the Committee declares that in their opinion:

- (a) The financial statements and notes comply with Australian Accounting Standards.
- (b) The financial statements and notes comply with the reporting guidelines of the Industrial Register.
- (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 general purpose financial report relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (v) any information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (vi) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.
- (f) In relation to recovery of wages activity:
 - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the Industrial Registrar; and
 - (ii) the committee of management caused the auditor to include in the scope of the audit required under subsection 257(1) of the RAO Schedule all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and
 - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
 - (iv) that prior to engaging in any recovery of wages activity, the 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 moneys recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

Signed on behalf of the Committee of Management by:



William Wallace Trohear

State Secretary

Date: 2-3-2006.....

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch
Independent Audit Report to the members

Scope

We have audited the financial report of the Construction, Forestry, Mining and Energy Union, Construction and General Division, Queensland Construction Workers Divisional Branch for the year ended 31 December 2005 comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Recovery of Wages Activity Report and Notes to the Financial Statements. The Union's Committee of Management is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, the *Workplace Relations Act 1996* and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the Union's financial position and performance as represented by the results of its operations and its cash flows and its recovery of wages activity.

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

Audit opinion

In our opinion, the financial report of the Construction, Forestry, Mining and Energy Union, Construction and General Division, Queensland Construction Workers Divisional Branch:

- (a) presents fairly in accordance with applicable Accounting Standards, the Workplace Relations Act 1996 including the Reporting Guidelines of the Industrial Registrar and Part 3 of Chapter 8 of the RAO Schedule, and other mandatory professional reporting requirements in Australia, the financial position of the Construction, Forestry, Mining and Energy Union, Construction and General Division, Queensland Construction Workers Divisional Branch as at 31 December 2005 and the results of its operations and its cash flows for the year then ended.
- (b) reports properly and fairly:
 - (1) any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
 - (2) any donations or other contributions deducted from recovered money.



Michael Rice
Michael Rice & Associates
Certified Practising Accountants

Brisbane

Date:.....3/4/06.....

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch
Certificate by State Secretary for the year ended 31 December 2005

In accordance with the requirements of the Workplace Relations Act 1996 Schedule 1B Section 268(c), I, Michael John Ravbar, certify that the attached copies of reports are copies of documents that were provided to members on 28 April, 2006 and presented to a meeting of the Committee of Management on 27 June, 2006 in accordance with Section 266 of the RAO Schedule.


.....
Michael John Ravbar
Acting State Secretary

Construction, Forestry, Mining and Energy Union
Construction and General Division
Queensland Construction Workers Divisional Branch

Date:.....*27/6/06*.....



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990
Email: sydney@air.gov.au

Mr Tom Roberts
National Legal Officer, Construction and General Division
Construction, Forestry, Mining and Energy Union
PO Box Q235 Queen Victoria Building Post Office
SYDNEY NSW 1230

Dear Mr Roberts

**Re: Lodgement of Financial Statements and Accounts – Construction and General
Division, Queensland Construction Workers' Branch – for year ending 31 December
2005 (FR2005/582)**

I refer to the abovementioned financial statements and accounts which were lodged in the Registry on 12 July 2006.

The only item I wish to highlight relates to the Operating Report, specifically the requirement of regulation 159 of the RAO Regulations to state the period for which members of the committee of management held their positions.

The Operating Report prepared by the Branch simply described the period as "*at any time during the financial year*". The Registry's interpretation of this requirement is that the period should be specified. This should be brought to the Branch Secretary's attention for future returns.

The legislative requirements in respect of the above financial report having been otherwise met, the documents have been filed.

Yours sincerely,

A handwritten signature in cursive script that reads 'Stephen Kellett', followed by a horizontal line.

Stephen Kellett
for Deputy Industrial Registrar

2 August 2006