



**Australian Government**  
**Australian Industrial Registry**

Level 8, Terrace Towers  
80 William Street, East Sydney, NSW 2011  
Telephone: (02) 8374 6666  
Fax: (02) 9380 6990

**Ref: FR2005/594**

Mr Martin Kingham  
Branch Secretary  
CFMEU Construction & General Division  
Victorian Building Unions Divisional Branch  
Box 89, Trades Hall  
54 Victoria Street  
CARLTON SOUTH VIC 3053

Dear Mr Kingham

**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'<sup>1</sup>). 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.

---

<sup>1</sup> 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](http://www.airc.gov.au)). When lodging the financial return please quote: **FR2005/594**.

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](mailto: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](http://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

**TIMELINE/ PLANNER**

Financial reporting period ending:	/ /	
<b>FIRST MEETING:</b> Prepare General Purpose Financial Report (including Committee of Management Statement in accordance with C of M resolution) and Operating Report - s253(1), s254(1)	/ /	as soon as practicable after end of financial year
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	within a reasonable time of having received the GPFR
Provide full report free of charge to members.  (a) if the report is to be presented before a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting, or  (b) in any other case including where the report is presented to a Committee of Management meeting, the report must be provided to members within 5 months of end of financial year.  (obligation to provide full report may be discharged by provision of a concise report s265(1))	/ /          / /	
<b>SECOND MEETING:</b> Present full report to:  (a) General Meeting of Members - s266 (1),(2), or  (b) where rules of organisation allow, a Committee of Management meeting - s266 (3)	/ /       / /	within 6 months of end of financial year  within 6 months of end of financial year
Lodge full report (including any concise report) in the Industrial Registry together with secretary's certificate (or other officer authorised by the rules of the organisation) - s268	/ /	within 14 days of meeting

**Note:** The legislation makes limited provision for extensions of time concerning the provision of the full report to members and the presentation of the full report to a general meeting etc however the maximum extra time allowed can be no more than one month.

**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	✓
<b>1</b>	<b>General Purpose Financial Report</b>	
	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?	
<b>2</b>	<b>Committee of Management Statement</b>	
	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?	
<b>3</b>	<b>Auditor's Report</b>	
	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?	
<b>4</b>	<b>Operating Report</b>	
	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?	
<b>5</b>	<b>Concise report*</b>	
<b>6</b>	<b>Certificate of Secretary or other Authorised Officer</b>	
	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 Officer**<sup>1</sup>

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]<sup>2</sup>, referred to in s268 of the RAO Schedule; and
- that the [full report OR concise report]<sup>3</sup>, 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]<sup>3</sup> of the reporting unit on [insert date]; in accordance with section 266 of the RAO Schedule.

Signature

Date:

<sup>1</sup>RAO 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.

<sup>2</sup>Only applicable where a concise report is provided to members

<sup>3</sup>Insert whichever is applicable



**Australian Government**  
**Australian Industrial Registry**

Level 8, Terrace Towers  
80 William Street, East Sydney, NSW 2011  
Telephone: (02) 8374 6666  
Fax: (02) 9380 6990

**Ref: FR2005/594 -[105N-VIC]**

Mr Martin Kingham  
Branch Secretary  
CFMEU Construction & General Division  
Victorian Divisional Branch  
500 Swanston Street  
CARLTON SOUTH VIC 3053

Dear Mr Kingham

**Re: Construction, Forestry, Mining and Energy Union-Construction and General Division, Victorian Divisional Branch - Outstanding Financial Documents - *Workplace Relations Act 1996***

The Accounts and Audit Part of Schedule 1B of the *Workplace Relations Act 1996* requires, as a general rule, that the audited financial statements of a reporting unit of a registered organisation, be lodged in the Industrial Registry within 6 months and 14 days from the end of its financial year.

To date, the Registry has no record of lodgement of the financial reports of the above named reporting unit for the year ended 31 December, 2005. For details of these provisions and organisations' financial reporting obligations please refer to the Registry's earlier correspondence.

In particular there is no record of lodgement of copies of:

- the general purpose financial report;
- the auditor's report; or
- the operating report.

These three reports are referred to as the "full report".

Section 268 of the RAO Schedule<sup>1</sup> requires that a copy of the full report be lodged in the Registry within 14 days (or such longer period a Registrar allows) after the full report is presented to a general meeting of members (or to a committee of management meeting if the rules make provision consistent with s266(3)).

Section 266 (1) requires that the full report be presented to the meeting within 6 months of the end of the financial year. Therefore, lodgement of the documents in the Registry was required by **17 July, 2006.**

Section 305(2)(ze) of the RAO Schedule is a civil penalty provision. It provides that a failure to meet the requirements of s268 is a contravention of that civil penalty provision. The Federal Court may on application of the Industrial Registrar impose a pecuniary penalty on the person or organisation whose conduct contravened the civil penalty provision.

I also draw your attention to the provisions of Part 1 of Chapter 9 of the RAO Schedule which set out the general duties of officers and employees of organisations and their branches in relation to financial management.

In the absence of lodgement of a copy of the full report, I request you state in writing by **22 August, 2006:**

- whether the auditor has audited the general purpose financial report and if so, the date on which the auditor signed the audit report
- whether the committee of management has prepared the operating report
- whether the full report has been provided to members, and if so, when

<sup>1</sup> Schedule 1B of the *Workplace Relations Act 1996*

- whether the full report provided to the members has been presented to a general or committee of management meeting, and if so, when
- when a copy of the full report will be lodged in the Industrial Registry.

The full report when lodged must be accompanied by a certificate of the secretary or other authorised officer that the documents lodged are copies of the documents provided to members and presented to the general or committee of management meeting in accordance with s266.

If you wish to discuss this letter, please contact me on (02) 8374 6666. In reply please quote: **FR2005/594**.

Yours sincerely

Belinda Penna

E-mail: [riasydney@air.gov.au](mailto:riasydney@air.gov.au)

1 August, 2006

17<sup>TH</sup> October, 2006



**CONSTRUCTION**

**FORESTRY**

**MINING**

**ENERGY**

**UNION**

Attention: BELINDA PENNA  
Australian Industrial Registry  
Level8, Terrace Towers  
80 William Street  
East Sydney, NSW 2011


Dear Belinda Penna,

Re: Financial Return-year ending 31 December 2005  
FR2005/595-105N-VICF and FR20052005/594-105N-VIC

I refer to your recent letter dated 16<sup>th</sup> October 2006 regarding the financial accounts for the year ending 31 December 2005 for the CFMEU and General Division (Victoria Branch) and the FEDFA divisions.

These accounts were published in the Winter Journal for 2006. The audited accounts were then re-presented to the State Council meeting on the 13<sup>th</sup> of October, 2006.

Yours Faithfully



Martin Kingham  
State Secretary  
CFMEU (Vic Branch)

VICTORIAN  
DIVISIONAL BRANCH  
500 SWANSTON STREET  
CARLTON STH, VIC 3053

PH: (03) 9341 3444  
FAX: (03) 9348 1794



**CFMEU CONSTRUCTION AND  
GENERAL DIVISION (VICTORIAN BRANCH)**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2005**



# CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)

## TABLE OF CONTENTS

Financial Report	
Operating Report	1-2
Income Statement	3
Balance Sheet	4
Statement of Changes in Equity	5
Cash Flow Statement	6
Notes to the Financial Statements	7-18
Independent Audit Report	19

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
OPERATING REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

## **Operating Report**

### **Introduction**

In 2005 the CFMEU Construction and General Division (Victoria Branch) ("CFMEU") remains an organisation committed to providing a broad range of services to members and defending their rights.

### **Principal Activities**

The principal activity of the CFMEU is that of a registered trade union in Australia reporting in accordance with the requirements of the Workplace Relations Act. The many benefits of membership include unity in EBA negotiations, organisers to help members, access to training, access to occupational health and safety representatives and legal advice.

### **Financial Position**

The CFMEU is in a secure financial position because management have ensured that a "safety net" exists for members both individually and as a union so that our united strength can be defended. The surplus for the year ended 31 December 2005 was \$6,043,110. Management have also committed resources to planning and implementing new technologies in our offices, so that the union can maintain the delivery of services to its members as our membership grows and as reporting requirements change. No significant changes have occurred in relation to the financial affairs of the CFMEU during the financial year.

### **Number of Employees**

The union had 74 employees.

### **Number of Members**

The number of members for the year ended 31 December 2005 was 23,982.

### **Rights of Members**

A member can resign from membership by written notice and in accordance with Section 174 of Schedule 1B of the Workplace Relations Act 1996 and the rules of the CFMEU.

### **Superannuation Office Holders**

Martin Kingham acts as alternative trustee to Albert Littler on the Board of C+BUS (Super for the Construction & Building Industries).

### **Office Holders**

The names of the executives who held office during the financial year are:

M.Kingham	1 January 2005 to 31 December 2005
W.Oliver	1 January 2005 to 31 December 2005
F.O'Grady	1 January 2005 to 31 December 2005
J.Cummins	1 January 2005 to 31 December 2005
J. Setka	1 January 2005 to 31 December 2005
M. Bull	1 January 2005 to 31 December 2005

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
OPERATING REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

**Operating Report (continued)**

A. Mccloughlin	1 January 2005 to 31 December 2005
S. Reardon	1 January 2005 to 31 December 2005
E. Spornovasilis	1 January 2005 to 31 December 2005
S. Bergic	1 January 2005 to 31 December 2005
J. Canning	1 January 2005 to 31 December 2005
A. Littler	1 January 2005 to 31 December 2005
G. Paterson	1 January 2005 to 31 December 2005
R. Perham	1 January 2005 to 31 December 2005
S. Sposito	1 January 2005 to 31 December 2005
G. Stephenson	1 January 2005 to 31 December 2005
G. Thorson	1 January 2005 to 31 December 2005
R. Williams	1 January 2005 to 31 December 2005
F. Akbari	1 January 2005 to 31 December 2005
T. Zordan	1 January 2005 to 31 December 2005
D. Berardi	1 January 2005 to 31 December 2005
D. Christopher	1 January 2005 to 31 December 2005
A. Susic	1 January 2005 to 31 December 2005

**SIGNED**

for and on behalf of the Divisional Branch Management Committee

**DATE**



---

**MARTIN KINGHAM**  
State Secretary



**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
INCOME STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

	Notes	2005 \$	2004 \$
Revenues	2	16,755,322	15,617,528
Office and administration		(1,005,133)	(1,030,487)
Capitation, affiliation and amalgamation costs		(1,222,591)	(1,182,757)
Depreciation	3	(447,180)	(562,998)
Direct Employee Benefits - Office Holders		(1,098,108)	(928,528)
Direct Employee Benefits - Other Employees		(4,339,599)	(4,369,169)
Employee related costs		(974,272)	(1,105,736)
Occupancy		(842,256)	(477,797)
Organisers, conference and consultancy expenses		(587,254)	(648,072)
Journal costs		(195,819)	(277,048)
		<u>(10,712,212)</u>	<u>(10,582,594)</u>
Borrowing costs expense	3	-	(950)
Profit for the period		<u>6,043,110</u>	<u>5,033,984</u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
BALANCE SHEET FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

	NOTE	2005 \$	2004 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	332,928	270,677
Trade and Other Receivables	5	1,078,890	417,254
Inventories		43,300	42,449
Other Financial Assets	6	5,129,719	5,351,771
Prepayments		168,444	165,761
		<u>6,753,281</u>	<u>6,247,912</u>
Property Held for Resale	7	600,000	-
		<u>7,353,281</u>	<u>6,247,912</u>
<b>NON-CURRENT ASSETS</b>			
Other Financial Assets	6	16,350,000	11,400,000
Units in Trust ACTU Fin Services	6	1,682	1,682
Investment Properties	8	3,540,000	4,140,000
Property, Plant and Equipment	9	5,447,805	5,211,786
		<u>25,339,487</u>	<u>20,753,468</u>
<b>TOTAL ASSETS</b>		<u>32,692,769</u>	<u>27,001,380</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	10	1,361,642	1,815,192
Provision for Employee Entitlements	11	1,979,854	1,878,026
<b>TOTAL LIABILITIES</b>		<u>3,341,496</u>	<u>3,693,218</u>
<b>NET ASSETS</b>		<u>29,351,272</u>	<u>23,308,162</u>
<b>MEMBERS' FUNDS</b>			
Asset Revaluation Reserve	12	2,280,316	2,280,316
Accumulated Member's Funds	13	27,070,956	21,027,846
<b>TOTAL MEMBERS' FUNDS</b>		<u>29,351,272</u>	<u>23,308,162</u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

	<b>Accumulated Members' Funds \$</b>	<b>Asset Revaluation Reserves \$</b>	<b>Total \$</b>
Balance at 1 January 2004	15,993,862	695,256	16,689,118
Surplus on revaluation		1,585,060	
Profit/(Loss) for the period	5,033,984	-	5,033,984
Balance at 31 December 2004	21,027,846	2,280,316	21,723,102
Profit/(loss) for the period	6,043,110	-	6,043,110
Balance at 31 December 2005	27,070,956	2,280,316	27,766,212

The Statement of Changes in Equity is to be read in conjunction with the attached notes.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

	Note	2005	2004
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from members		12,273,179	11,827,519
Operating grant receipts		2,192,956	2,384,430
Donations received		30,920	228,318
Receipts from sale of publications		136,129	67,432
Interest received		1,452,111	836,063
Payments to suppliers and employees		(9,311,750)	(9,079,395)
Payments - CFMEU - C&G National Office		(1,304,342)	(858,017)
Borrowing costs		-	(950)
<b>Net cash provided by operating activities</b>	18	<u>5,469,202</u>	<u>5,405,400</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(800,321)	(975,434)
Payment for investments		(4,727,948)	(4,763,230)
Proceeds from sale of property, plant and equipment		121,318	62,417
<b>Net cash used in investing activities</b>		<u>(5,406,951)</u>	<u>(5,676,247)</u>
Net (decrease)/increase in cash held		62,251	(270,847)
Cash at beginning of financial year		270,677	541,524
Cash at end of financial year	18	<u><u>332,928</u></u>	<u><u>270,677</u></u>

The Cash Flow Statement is to be read in conjunction with the attached notes.

**CFMEU CONSTRUCTION AND GENERAL DIVISION (VICTORIAN BRANCH)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

The financial report is a general purpose financial report that has been prepared for distribution to the members to fulfil the Executive's financial reporting requirements under the **Workplace Relations Act 1996**.

The Executive have prepared the financial report in accordance with Accounting Standards and Urgent Issues Group Interpretations, other pronouncements of the Australian Accounting Standards Board requirements of the Workplace Relations Act 1996 and compliance with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS) adopted in the financial report for the year ending 31 December 2005 and the comparative information presented in that report for the year ending 31 December 2004. The transition to AIFRS is accounted for in accordance with Accounting Standard AASB1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" with 1 January 2004 as the date of transition. For details of the impact of this transition refer to Note J below.

Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Committee of Management on the date the Committee of Management Certificate was signed.

**Basis of preparation**

The financial report has been prepared on the accrual basis of accounting with the exception of membership income which is brought to account on a cash basis. The historical cost basis has been used except for certain assets which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

**Significant accounting policies**

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

**A. Income Tax**

No provision for income tax has been raised as the union is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

**B. Goods and Services Tax**

Revenues, expenses and assets are recognised net of goods and services tax (GST) except;

- i. where the GST is not recoverable from the tax office;
- ii. for receivable and payables which are recognised inclusive of GST;

The net amount of GST receivable or payable to the tax office is included as part of receivables or payables.

**C. Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

## **D. Property, plant and equipment**

### **i) Impairment of Assets**

At each reporting date the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. The Committee of management are satisfied that the carrying amounts of assets do not exceed the net amounts that are expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the assets.

### **ii) Non current assets held for resale**

Non-current assets classified as held for resale where the sale of the asset is expected to be completed within one year from the date of the classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell.

### **iii) Property**

Land and buildings are measured at fair value. Fair value is determined on the basis of an independent valuation prepared by external valuation experts. The fair values are recognised in the financial statements and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease on revaluation is charged as an expense in the profit and loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit and loss. On subsequent disposal of a revalued property the relevant revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

### **iv) Plant and equipment**

Plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the union commencing from the time the asset was held ready for use. The carrying amount of fixed assets is reviewed annually in accordance with impairment test outlined above to ensure they are not in excess of their recoverable values.

Depreciation is provided on a reducing balance or straight line basis for property, plant and equipment other than freehold land.

Depreciation rates used are as follows:

	Diminishing Value	Straight Line
Buildings		2.5%
Leasehold Improvements	15%	
Plant & equipment	7.5-30%	
Motor vehicles	22.5%	
Furniture, fixtures & fittings	15-25%	
Computer equipment	37.5%	

## **E. Financial Assets**

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs. Other financial assets are classified into the following specified categories: 'Held to Maturity Investments' and 'Trade and Other Receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### **i) Held-to-maturity investments**

Floating rate notes, bills of exchange and other bank issued investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

### **ii) Trade and Other Receivables**

Trade Debtors and other receivables are recorded at cost less impairment.

## **F. Investment Property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

## **G. Employee Benefits**

Provision is made for the union's liability for employee benefits arising from services rendered by employees to balance date. Employee entitlements consist of annual leave, long service leave and redundancy pay which are accrued in line with employee agreements. Entitlements are unconditional and as such are recorded as current liabilities. Contributions are made by the union to an employee superannuation fund and are charged as expenses when incurred.

## **H. Cash**

Cash and cash equivalents comprise cash on hand and at bank.

## **I. Revenue**

Revenue from membership is recognised on a cash basis. Other revenue is recognised when the right to receive the revenue has been established.

## **J. Impact of Adoption of AIFRS**

The impacts of adopting AIFRS on the total equity and profit as reported under previous Australian Generally Accepted Accounting Principles ("AGAAP") are illustrated below.

### Reconciliation of total equity as presented under previous AGAAP to that under AIFRS

	<u>31 December 2004</u>	<u>1 January 2004</u>
Total equity under previous AGAAP	21,027,846	15,993,862
Adjustments to retained earnings	-	-
Adjustments to reserves	-	-
Total equity under AIFRS	<u>21,027,846</u>	<u>15,993,862</u>

Reconciliation of surplus as previously presented under AGAAP to that under AIFRS

**31 December 2004**

Prior year surplus as previously reported	5,033,984
Adjustments	-
Prior year surplus under AIFRS	<u>5,033,984</u>

Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statement presented under AIFRS and the cash flow statements presented under previous AGAAP.

**K. Information to be provided to members or registrar**

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Section 274, which read as follows;

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under Sub-Section (1) by a member of the organisation or a Registrar, make the specified information available for the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under Sub-section (1) at the request of members of the organisation concerned, and the Registrar shall provide to members information received because of an application made at the request of the members.

**L. Comparative amounts**

Where presentation or classification of items in the financial report is amended the comparative amounts have also been reclassified.



**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

Note	2005 \$	2004 \$
<b>2 REVENUE</b>		
<b>Operating activities</b>		
membership subs	9,967,244	9,308,260
levy	833,473	805,233
donations	30,920	228,318
interest received	1,452,111	836,063
Grant income	2,192,956	2,381,604
Rental Income from Investment Properties	59,921	46,974
training fees received	614,885	1,232,885
EBA processing fee	567,839	277,695
other revenue	1,031,777	500,496
Profit on disposal of non-current assets	4,196	-
	<u>16,755,322</u>	<u>15,617,528</u>
<b>3 PROFIT FROM ORDINARY ACTIVITIES</b>		
Profit from ordinary activities has been determined after:		
Charging as Expenses:		
Borrowing costs	-	950
Depreciation of property, plant and equipment	447,180	562,998
Affiliation Fees	172,229	156,138
Direct Operating expenses relating to Investment Properties	23,833	-
Capitation fees - CFMEU - C&G National Office	949,380	1,026,618
Donations	7,629	24,140
Legal Fees	70,700	168,361
Meeting Expenses	217,496	170,645
Bad and Doubtful Debts	63,204	6,856
	<u>21,700</u>	<u>22,275</u>
Remuneration of the auditors:		
audit services	21,700	22,275
other services	-	-
	<u>21,700</u>	<u>22,275</u>
Net loss on disposal of non-current assets		
Property, plant and equipment	-	28,126
Total Employee Benefits excluding superannuation	4,767,269	4,717,853
Superannuation	670,438	579,845
	<u>5,437,707</u>	<u>5,297,698</u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

**4 CASH AND CASH EQUIVALENTS**

Cash on hand	2,200	2,200
Cash at Bank	330,728	268,477
	<u>332,928</u>	<u>270,677</u>

**5 TRADE AND OTHER RECEIVABLES**

CURRENT

Trade Debtors	928,480	424,110
Less: Provision for doubtful debts	(63,204)	(6,856)
	865,276	417,254
Accrued Income	213,614	-
	<u>1,078,890</u>	<u>417,254</u>

**6 OTHER FINANCIAL ASSETS**

CURRENT

Other current investments-at cost

Floating Rate Notes and Other Bank Issued Investments	5,129,719	5,351,771
---	-----------	-----------

NON-CURRENT

Unlisted trusts- at cost	1,682	1,682
--------------------------	-------	-------

Other investments -at cost

Floating Rate Notes and Other Bank Issued Investments	16,350,000	11,400,000
---	------------	------------

**7 NON-CURRENT ASSETS HELD FOR SALE**

Property held for sale (Refer Note 6)	600,000	-
	<u>600,000</u>	<u>-</u>

The union intends to dispose of the land at 16-18 Orr Street Carlton South. This property generated rental income until January 2006 until a purchaser was found for this property. No impairment loss was recognised on reclassification of the property as held for sale or at reporting date. Subsequent to balance date the property was sold for \$900,735.

**8 INVESTMENT PROPERTIES**

Balance at beginning of financial year at fair value	4,140,000	4,140,000
Property held for resale (Note 7)	600,000	-
Balance at end of financial year at fair value	<u>3,540,000</u>	<u>4,140,000</u>

\*Note: Valuations

The valuations of investment properties were based on the assessment of their current market subject to vacant possession. The independent revaluations dated 15th & 16th of December 2004 were carried out by N. Diamantopoulos AAPI registered valuer with LandMark White. The valuation was made in accordance with a regular policy of obtaining independent valuation of land and buildings every three years to ensure that requirements of accounting standards regarding fair value basis of valuation are met.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

Note	2005 \$	2004 \$
<b>9 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and Buildings</b>		
Freehold land at fair value	<u>2,429,400</u>	<u>2,429,400</u>
	<u>2,429,400</u>	<u>2,429,400</u>
Buildings at fair value	1,059,250	1,059,250
Less: Accumulated depreciation	<u>(26,481)</u>	<u>-</u>
	<u>1,032,769</u>	<u>1,059,250</u>
Improvements at cost	22,147	-
Less: Accumulated depreciation	<u>(1,329)</u>	<u>-</u>
	<u>20,818</u>	<u>-</u>
<b>TOTAL LAND AND BUILDINGS</b>	<u><u>3,482,987</u></u>	<u><u>3,488,650</u></u>

**Valuations**

The revaluations of freehold land and buildings were based on the assessment of their current market subject to vacant possession.

The independent revaluations dated 15th & 16th of December 2004 were carried out by N. Diamantopoulos AAPI registered valuer with LandMark White.

The valuation was made in accordance with a regular policy of obtaining independent valuation of land and buildings every three years to ensure that requirements of accounting standards regarding fair value basis of valuation are met.

(a) Plant and Equipment	719,390	616,187
Less: Accumulated depreciation	<u>(415,376)</u>	<u>(369,897)</u>
	<u>304,014</u>	<u>246,290</u>
(b) Training Equipment	22,570	8,175
Less: Accumulated depreciation	<u>(4,590)</u>	<u>(1,668)</u>
	<u>17,980</u>	<u>6,507</u>
(c) Computer Equipment	999,983	901,545
Less: Accumulated depreciation	<u>(790,618)</u>	<u>(687,052)</u>
	<u>209,365</u>	<u>214,493</u>
(d) Furniture and Fittings	401,747	370,037
Less: Accumulated depreciation	<u>(273,827)</u>	<u>(245,582)</u>
	<u>127,920</u>	<u>124,455</u>
(e) Motor Vehicles at Cost	2,102,883	1,870,303
Less: Accumulated depreciation	<u>(797,344)</u>	<u>(738,912)</u>
	<u>1,305,539</u>	<u>1,131,391</u>
<b>TOTAL PLANT AND EQUIPMENT</b>	<u><u>1,964,818</u></u>	<u><u>1,723,136</u></u>
<b>TOTAL FIXED ASSETS</b>	<u><u>5,447,805</u></u>	<u><u>5,211,786</u></u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

Note

**9 PROPERTY PLANT AND EQUIPMENT (continued)  
Movements in Carrying amounts**

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

2005	Land & Buildings	Improvements	Plant & Equipment	Training Equipment
Balance at the beginning of the year	3,488,650	-	246,290	6,507
Additions	-	22,147	103,202	14,395
Disposals	-	-	-	-
Depreciation expense	(26,481)	(1,329)	(45,478)	(2,922)
Carrying amount at end of year	<u>3,462,169</u>	<u>20,818</u>	<u>304,014</u>	<u>17,980</u>

2005	Motor vehicles	Furniture & Fittings	Computer Equipment	Total
Balance at the beginning of the year	1,131,391	124,455	214,493	5,211,786
Additions	530,430	31,709	98,438	800,321
Disposals	(117,122)	-	-	(117,122)
Depreciation expense	(239,160)	(28,244)	(103,566)	(447,180)
Carrying amount at end of year	<u>1,305,539</u>	<u>127,920</u>	<u>209,365</u>	<u>5,447,805</u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

Note	2005	2004
	\$	\$
<b>10 TRADE AND OTHER PAYABLES</b>		
Trade creditors	376,114	680,468
CFMEU - C&G National Office	274,318	629,280
Legal creditors	-	63,759
Sundry Creditors and Accruals	326,678	256,293
GST Payables	384,532	185,392
	<u>1,361,642</u>	<u>1,815,192</u>
<b>11 PROVISION FOR EMPLOYEE ENTITLEMENTS</b>		
Provision for annual leave - Office Holders	194,929	165,772
Provision for annual leave - Other Employees	350,522	370,373
Provision for long service leave - Office Holders	221,805	179,891
Provision for long service leave - Other Employees	499,168	469,546
Provision for redundancy - Office Holders	244,491	202,973
Provision for redundancy - Other Employees	468,939	489,471
	<u>1,979,854</u>	<u>1,878,026</u>

**12 RELATED PARTY TRANSACTIONS**

Capitation fees are paid to CFMEU - Construction and General Division National Office as disclosed in Note 3 as a percentage of membership income and the minimum membership rate set by the National Office.

**13 EVENTS SUBSEQUENT TO BALANCE DATE**

As noted in prior year accounts the legal action taken by a company against the CFMEU has been discontinued by the plaintiff. We note that discontinuance in 2003 does not prevent the plaintiff from instituting new proceedings about the claim. The claim will only be extinguished by the plaintiff signing a release, or by the expiration of the limitation period.

The FEDFA Division Victorian Branch have made an agreement with the CFMEU - Victorian Building Unions Divisional Branch to merge their memberships. This is scheduled to take place in early 2006.

In 2006 the Union has entered an agreement to purchased the 1st Floor of 500 Swanston Street for a consideration of \$2,450,000.

As disclosed in Note 7 an investment property at Orr Street has been sold subsequent to balance date.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

<b>Note</b>	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>14 Key Management Personnel Remuneration</b>		
Income paid or payable to all executives of the union by the union.	985,520	858,697
Short Term Employee Benefits	-	-
Post Employment Benefits	-	-
Termination Benefits	-	-

The names of the Division Branch Management Committee who held office during the financial year are:

M.Kingham	J. Canning		T. Zordan	(i)
W.Oliver	D. Berardi	(i)	G. Thorson	(i)
F.O'Grady	A. Littler		R. Williams	
J.Cummins	D.Christopher	(i)	F. Akbari	
J. Setka	G. Paterson		S. Reardon	
G. Stephenson	R. Perham		E. Spornovasilis	
M. Bull	S. Sposito		S. Bergic	
A. McLoughlin	A. Sucic	(i)	M. Newham	(ii)
D. Noonan		(ii)		

(i) newly elected - term started on the 1/1/2005

(ii) previously elected term ended on the 31/12/2004.

Delegates were elected in October 2004 for a 4 year term starting on 1/1/2005

## 15 Union Details

The principal place of business of the union is:

CFMEU Construction and General Division (Victoria Branch)

500 Swanston Street

Carlton South VIC 3053

The union had 74 employees (2004: 69)

## 16 Segment Information

The Union operates predominantly in one business segment, being the provision of union services, in one geographic segment, being Victoria.

**Note 17: FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk**

The union's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows

	Weighted Average Effective Interest Rate		Fixed Interest Rates Maturing					
			Floating Interest Rate		Within 1 Year		1 to 5 Years	
	2005	2004	2005	2004	2005	2004	2005	2004
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash	0.6	0.6	332,928	270,677	-	-	-	-
Receivables	-	-	-	-	-	-	-	-
Investments	6.9	6.0	-	-	5,129,719	5,351,771	16,350,000	11,400,000
<b>Total Financial Assets</b>			<b>332,928</b>	<b>270,677</b>	<b>5,129,719</b>	<b>5,351,771</b>	<b>16,350,000</b>	<b>11,400,000</b>
Financial Liabilities:								
Trade and Sundry Creditors			-	-	-	-	-	-
Bank Loans and overdrafts			-	-	-	-	-	-
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Fixed Interest Rates Maturing over 5 years		Non-Interest Bearing		Total	
	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash	-	-	-	-	332,928	270,677
Receivables	-	-	1,078,890	417,254	1,078,890	417,254
Investments	-	-	1,682	1,682	21,481,401	16,753,453
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>1,080,572</b>	<b>418,936</b>	<b>22,893,218</b>	<b>17,441,384</b>
Financial Liabilities:						
Bank Loans and overdrafts	-	-	-	-	-	-
Trade and Sundry Creditors	-	-	1,361,642	1,815,180	1,361,642	1,815,180
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,361,642</b>	<b>1,815,180</b>	<b>1,361,642</b>	<b>1,815,180</b>

**(b) 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 financial position and notes to the financial report

The union does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the union.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN BUILDING UNIONS DIVISIONAL BRANCH  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

	Note	2005 \$	2004 \$
<b>NOTE 18: CASH FLOW INFORMATION</b>			
(a) Reconciliation of Cash			
Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:			
Cash on hand		2,200	2,200
Cash at bank		<u>330,728</u>	<u>268,477</u>
		<u>332,928</u>	<u>270,677</u>
 (b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax			
Surplus from ordinary activities after income tax		6,043,110	5,033,984
Non-cash flows in profit from ordinary activities			
Depreciation		447,180	562,998
Net loss on disposal of property, plant and equipment		(4,196)	28,125
Changes in assets and liabilities			
(Increase)/decrease in receivables		(661,636)	(273,765)
(Increase)/decrease in other assets		(2,683)	(71,284)
Increase in inventories		(851)	(19,945)
(Decrease)/increase in payables		(453,550)	(163,859)
Increase in provisions		<u>101,828</u>	<u>309,146</u>
Cash flows from operations		<u>5,469,202</u>	<u>5,405,400</u>



**INDEPENDENT AUDIT REPORT  
TO MEMBERS OF CFMEU CONSTRUCTION AND GENERAL DIVISION  
- VICTORIA BRANCH**

**PKF**

Chartered Accountants  
& Business Advisers

**Scope**

*The Financial Report and Office Holders  
Responsibility*

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, notes to the financial statements and Committee of Management Statement, for CFMEU Construction and General Division - Victoria Branch for the year ended 31 December 2005.

The Office Holders are responsible for the preparation and true and fair presentation of the financial report in accordance with the Workplace Relations Act 1996. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

**Audit Approach**

We conducted an independent audit in order to express an opinion to the members of CFMEU Construction and General Division - Victoria Branch. Our audit was conducted in accordance with Australian Auditing and Assurance Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the requirements of the Workplace Relations Act 1996, Part 3 - Accounts and Audit, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the CFMEU Construction and General Division - Victoria Branch's financial position, and of its performance as represented by the results of its operations and cash flows.

**PKF**  
Chartered Accountants

22 August 2006  
Melbourne

We formed our audit opinion on the basis of these procedures, which included:

- (a) examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- (b) assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**Audit Opinion**

In our opinion, the financial report of CFMEU Construction and General Division - Victoria Branch is in accordance with:

- (a) the Workplace Relations Act 1996, including:
  - (i) giving a true and fair view of CFMEU Construction and General Division - Victoria Branch's financial position at 31 December 2005, and of its performance for the year ended on that date, and
  - (ii) complying with Accounting Standards in Australia and the requirements of the Workplace Relations Act 1996, Part 3 - Accounts and Audit; and
- (b) other mandatory financial reporting requirements in Australia.

R A Dean  
Partner


Tel: +61 3 9603 1700 | Fax: +61 3 9602 3870 | [www.pkf.com.au](http://www.pkf.com.au)  
Victorian Partnership | ABN 56 527 914 493  
Level 11, CGU Tower | 485 La Trobe Street | Melbourne | Victoria 3000 | Australia  
GPO Box 5099 | Melbourne | Victoria 3001

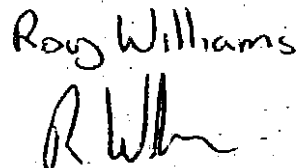
Construction, Forestry, Mining and Energy Union  
Construction and General Division  
Victorian Building Unions Branch

*The Divisional Branch Management Committee resolves that in relation to the general purpose financial report of the CFMEU Construction & General Division Victorian Building Unions Divisional Branch for the year ended 31.12.2005.*

- (a) The financial report and notes for the financial year ended 31 December 2005 comply with Australian Accounting Standards;*
- (b) The financial report and notes for the financial year ended 31 December 2005 comply with the reporting guidelines of the Industrial Registrar;*
- (c) The financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the year ended 31 December 2005;*
- (d) There are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and*
- (e) During the financial year ended 31 December 2005 and since the end of the financial year:-*
  - (i) Meetings of the Committee of Management were held in accordance with the rules of the Union; and*
  - (ii) The financial affairs of the Union have been managed in accordance with the rules of the Union; and*
  - (iii) The financial records of the Union have been kept and maintained in accordance with RAO Schedules and RAO Regulations; and*
  - (iv) The financial records of the Union have been kept, as far as practicable, in a consistent manner to each other reporting unit of the organisation; and*
  - (v) No information has been sought in any request of a member of the Union or a Registrar duly made under section 272 of the RAO Schedule; and*
  - (vi) No orders have been made by the Commission, in regard to inspection of financial records under section 273 of the RAO Schedule during the year.*

For the Committee of Management:

  
ADRIAN McLOUGHLIN

  
Roy Williams  
R Williams



**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 Martin Kingham  
Secretary, Victorian Branch, Construction and General Division  
Construction, Forestry, Mining and Energy Union  
500 Swanston Street  
CARLTON SOUTH VIC 3053

Dear Mr Kingham

**Re: Lodgement of Financial Statements and Accounts – Construction, Forestry, Mining and Energy Union, Construction and General Division, Victorian Divisional Branch – for year ending 31 December 2005 (FR2005/594)**

I refer to the abovementioned financial statements and accounts which were lodged in the Registry on 24 October 2006.

The legislative requirements have been met and the documents have been filed. I draw your attention to the following item for action only if necessary.

In the Statement of Income the item Donations shows an amount of \$7,629. You will be aware that if this included any single donation exceeding \$1,000, s237 of the RAO Schedule requires a statement giving various particulars of that donation to be lodged. If this is relevant and you have not already done so, please lodge such a statement at your earliest opportunity.

Yours sincerely,

A handwritten signature in black ink that reads 'Stephen Kellett'.

Stephen Kellett  
Statutory Services Branch

30 October 2006