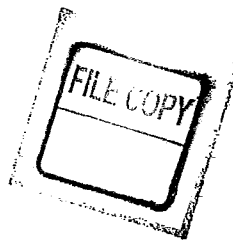




FAIR WORK
AUSTRALIA



12 August 2010

Mr Ralph Edwards
President, Victorian Divisional Branch
Construction, Forestry, Mining and Energy Union
500 Swanston Street
CARLTON SOUTH VIC 3053

Dear Mr Edwards

**Lodgment of Financial Accounts and Statements - Construction, Forestry, Mining and
Energy Union, Construction and General Division, Victorian Divisional Branch
(FR2009/10234)**

Thank you for lodging the abovementioned financial accounts and statements which were received by Fair Work Australia on 6 August 2010.

The Committee of Management statement on page 21 was not dated. Future statements should be dated.

The documents have been filed.

Yours sincerely,

Stephen Kellett
Statutory Services Branch
Fair Work Australia

29th July, 2010

Attention: Stephen Kellett
Fair Work Australia
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011

CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

Dear Stephen Kellett,

RE: Financial year ended 31 December, 2009

ACCOUNTS FOR CONSTRUCTION, FORESTRY, MINING AND
ENERGY UNION-CONSTRUCTION AND GENERAL
DIVISION BRANCH (VICTORIA BRANCH)

Please find attached our financial accounts for the year ended 31
December, 2009 passed by our Divisional Branch Management
Committee on Tuesday the 27th of July, 2010.

These accounts were published on our website

www.cfmeuvic.com.au

on the 25th of June, 2010.

Should you need any further information please contact Edith
Harris on 03 9341 3456 or edithh@vic.cfmeu.asn.au.

Yours faithfully

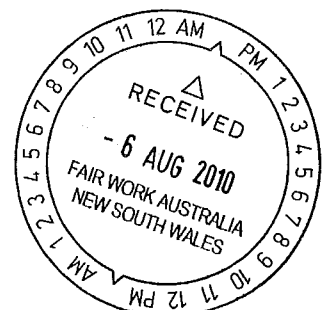


Ralph Edwards
President
CFMEU Construction and General Division (Victoria Branch)

VICTORIAN BRANCH
500 SWANSTON STREET
CARLTON STH, VIC 3053

PH: (03) 9341 3444

FAX: (03) 9341 3427



Attention: Stephen Kellett
Fair Work Australia
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011

CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

I, RALPH EDWARDS

Being a prescribed designated officer, certify that the documents lodged with Fair Work Australia, consisting of the general purpose financial report of the Victorian Divisional Branch of the Construction and General Division of the Construction, Forestry, Mining and Energy Union for the year ended 31 December, 2009 are:

- copies of the documents provided to members on our website(www.cfmeuvic.com.au) on the 25th of June, 2010

And

- And subsequently presented to the Divisional Branch Management Committee in accordance with the Fair Work (Registered Organisations) Act 2009 and Fair Work (Registered Organisations) Regulations 2009, on the 27th of July, 2010.



Ralph Edwards
President
CFMEU Construction and General Division (Victoria Branch)

VICTORIAN BRANCH
500 SWANSTON STREET
CARLTON STH, VIC 3053

PH: (03) 9341 3444
FAX: (03) 9341 3427

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

Operating Report

Introduction

In 2009 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 Fair Work (Registered Organisations) Act 2009. The many benefits of membership include unity in EBA negotiations. The CFMEU employs organisers to help members and provides access to occupational health and safety representatives, training and legal advice.

Financial Position

The CFMEU is in a secure financial position because office holders have ensured that a "safety net" exists for members both individually and as a union so that our united strength can be defended. The Union's operations resulted in a surplus of \$1,705,995 for the year ended 31st December 2009.

In the 2008 financial year, the Union's operations resulted in a deficit of \$71,208 due to requirements to recognise an impairment provision of \$3,770,745 on the Union's held to maturity investments. A further impairment provision of \$969,380 was recognised in the year ended 31 December 2009. However, the office holders are confident that the Union has sufficient resources available to absorb the impairment losses without adverse effect on the Union's day to day operations.

The investments of the Union are handled by the Investment Committee which is made up of office holders taking advice from professional investment advisers. The global financial crisis has thus far had a negative effect of some of the Union's held to maturity investments mainly in the form of CDOs. The Investment Committee will continue to monitor the Union's investments and seek professional advice in regard to further investment decisions.

Number of Employees

The union had 86 (2008: 87) employees.

Number of Members

The number of members for the year ended 31 December 2009 was 20,992 (2008: 25,518)

Rights of Members

A member can resign from membership by written notice and in accordance with Chapter 6, Part 3, Section 174 of the Fair Work (Registered Organisation) Act 2009 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).

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

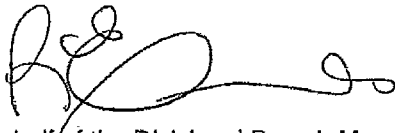
Operating Report (continued)

Office Holders

The names of the members of the Divisional Branch Management Committee "DBMC" during financial year were:

| | |
|-----------------|------------------------------------|
| Akbari F | 1 January 2009 to 31 December 2009 |
| Berardi D | 1 January 2009 to 31 December 2009 |
| Beattie B | 1 January 2009 to 31 December 2009 |
| Bergic S | 1 January 2009 to 31 December 2009 |
| Booth R | 1 January 2009 to 31 December 2009 |
| Christopher D | 1 January 2009 to 31 December 2009 |
| Cody M | 1 January 2009 to 31 December 2009 |
| Cordier A | 1 January 2009 to 31 December 2009 |
| Doyle F | 1 January 2009 to 31 December 2009 |
| Duggan J | 1 January 2009 to 31 December 2009 |
| Edwards R | 1 January 2009 to 31 December 2009 |
| Hudson M | 1 January 2009 to 31 December 2009 |
| Ioannidis A | 1 January 2009 to 31 December 2009 |
| Littler A | 1 January 2009 to 31 December 2009 |
| McLaughlin A | 1 January 2009 to 31 December 2009 |
| Neilson B | 1 January 2009 to 31 December 2009 |
| O'Grady F | 1 January 2009 to 31 December 2009 |
| Oliver W | 1 January 2009 to 31 December 2009 |
| Perkovic J | 1 January 2009 to 31 December 2009 |
| Reardon S | 1 January 2009 to 31 December 2009 |
| Round P | 1 January 2009 to 31 December 2009 |
| Setka J | 1 January 2009 to 31 December 2009 |
| Savronidis C | 1 January 2009 to 31 December 2009 |
| Spernovasilis E | 1 January 2009 to 31 December 2009 |
| Stephenson G | 1 January 2009 to 31 December 2009 |
| Stradjot F | 1 January 2009 to 31 December 2009 |
| Theodorou O. | 1 January 2009 to 31 December 2009 |
| Washington N | 1 January 2009 to 31 December 2009 |
| Watson T | 1 January 2009 to 31 December 2009 |
| Williams R | 1 January 2009 to 31 December 2009 |

Signed



For and on behalf of the Divisional Branch Management Committee

Date

24 . 5 . 10

**Ralph Edwards
President**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | Note | 2009 \$ | 2008 \$ |
|--|------|------------------|-----------------|
| Revenue | 2 | 20,210,327 | 20,560,778 |
| Less expenses | | | |
| Office and administration | | 1,409,090 | 1,460,025 |
| Capitation, affiliation, and amalgamation | | 1,242,643 | 1,805,754 |
| Depreciation | 3 | 808,937 | 833,072 |
| Direct employee benefits – office holders | | 3,104,753 | 3,123,763 |
| Direct employee benefits – office employees | | 5,188,547 | 4,691,318 |
| Employee related costs | | 1,440,598 | 1,462,320 |
| Occupancy | | 710,262 | 602,823 |
| Organisers, conference and consultancy expenses | | 3,333,073 | 1,782,219 |
| Journal costs | | 159,610 | 228,560 |
| Loss of disposal of non current assets | | 137,439 | 161,623 |
| Impairment of available for sale investments | | - | 709,764 |
| Impairment of held to maturity investments | | 969,380 | 3,770,745 |
| | | 18,504,332 | 20,631,986 |
| Net Surplus/(Deficit) | | 1,705,995 | (71,208) |
| Other Comprehensive Income | | | |
| Net fair value gain on available for sale financial assets | | 245,937 | - |
| Total comprehensive income for the year | | 1,951,932 | (71,208) |

The statement of comprehensive income is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

| | Note | 2009 \$ | 2008 \$ |
|-------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 8,406,619 | 8,924,935 |
| Trade and other receivables | 5 | 1,556,349 | 652,296 |
| Inventories | | 26,795 | 34,396 |
| Other financial assets | 6 | 6,172,511 | 2,983,791 |
| | | <u>16,162,274</u> | <u>12,595,418</u> |
| NON-CURRENT ASSETS | | | |
| Investment properties | 7 | 4,240,000 | 4,240,000 |
| Property, plant and equipment | 8 | 15,365,489 | 13,831,382 |
| Other financial assets | 6 | 12,136,476 | 15,030,937 |
| | | <u>31,741,965</u> | <u>33,102,319</u> |
| TOTAL ASSETS | | <u>47,904,239</u> | <u>45,697,737</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 1,358,200 | 1,310,573 |
| Grant liability held | 9 | 21,175 | 1,539,167 |
| Provision | 10 | 4,848,357 | 3,123,421 |
| TOTAL LIABILITIES | | <u>6,227,732</u> | <u>5,973,161</u> |
| NET ASSETS | | <u>41,676,507</u> | <u>39,724,576</u> |
| MEMBERS' FUNDS | | | |
| Accumulated Members Funds | | 39,166,559 | 37,460,564 |
| Asset Revaluation Reserve | | 2,509,948 | 2,264,012 |
| TOTAL MEMBERS' FUNDS | | <u>41,676,507</u> | <u>39,724,576</u> |

The statement of financial position is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | Accumulated Members Funds \$ | Asset Revaluation Reserve \$ | Available for Sale Financial Assets Reserve \$ | Total \$ |
|---|---------------------------------------|---------------------------------------|---|-------------|
| Balance at 1 January 2008 | 37,531,772 | 2,264,012 | - | 39,795,784 |
| Deficit for the year | (71,208) | - | - | (71,208) |
| Balance at 31 December 2008 | 37,460,564 | 2,264,012 | - | 39,724,576 |
| Surplus for the year | 1,705,995 | - | - | 1,705,995 |
| Net fair value gain on available for sale assets | - | - | 245,936 | 245,936 |
| Balance at 31 December 2009 | 39,166,559 | 2,264,012 | 245,936 | 41,676,507 |

The statement of changes in equity is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | Note | 2009 \$ | 2008 \$ |
|--|-------|--------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from members | | 11,577,126 | 13,271,146 |
| Operating grant receipts | | 6,617,396 | 5,826,830 |
| Rent received | | 72,850 | 71,427 |
| Receipts from sale of publications | | 99,400 | 97,221 |
| Interest received | | 1,163,545 | 2,093,005 |
| Payments to suppliers and employees | | (15,653,972) | (13,988,584) |
| Payments – CFMEU – C&G National Office | | (918,343) | (1,156,253) |
| Net cash provided by operating activities | 15(b) | <u>2,958,002</u> | <u>6,214,792</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payment for property, plant and equipment | | (2,663,888) | (2,204,126) |
| Proceeds from sale of property, plant and equipment | | 187,909 | 224,847 |
| Proceeds from matured investments | | 2,239,661 | 2,200,000 |
| Payment for investments | | (3,240,000) | (2,250,000) |
| Net cash used in investing activities | | <u>(3,476,318)</u> | <u>(2,029,279)</u> |
| Net increase/(decrease) in cash held | | (518,316) | 4,185,513 |
| Cash and cash equivalents at beginning of financial year | | 8,924,935 | 4,739,422 |
| Cash and cash equivalents at end of financial year | 15(a) | <u>8,406,619</u> | <u>8,924,935</u> |

The statement of cash flows is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial report is for CFMEU Construction and General Division Victorian Divisional Branch as an individual entity for the year ended 31 December 2009. The CFMEU Construction and General Division Victorian Branch ("The Union") is an organisation committed to providing a broad range of services to members and defending their rights. The registered office and principal place of operation is 500 Swanston Street, Melbourne, Victoria.

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 Fair Work (Registered Organisations) Act 2009. The Executive have prepared the financial report in accordance with Accounting Standards and the Australian Accounting Interpretations, and other pronouncements of the Australian Accounting Standards Board and the requirements of the Fair Work (Registered Organisations) Act 2009.

Compliance with IFRS

For the purposes of this financial report, the Union is considered to be a not-for-profit entity and as such has prepared this financial report with reference to the requirements regarding Not-For-Profits in the Australian Accounting Standards.

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

Statement of Significant Accounting Policies

Basis of Preparation

The financial report has been prepared on the accrual basis of accounting with the exception of membership income and training fees received which are 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. These financial statements are presented in Australian dollars, which is the division's functional currency. The financial report is prepared on a going concern basis.

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:

- (a) where the GST is not recoverable from the tax office; and
- (b) 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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 are 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.

Most depreciation is provided on a diminishing value method. 20% of assets are depreciated on a straight line basis

Depreciation rates used are as follows:

| | |
|----------------------------------|-------------|
| Buildings | 2.5% |
| Leasehold Improvements | 15% |
| Plant and Equipment | 7.5 – 22.5% |
| Motor Vehicles | 22.5% |
| Furniture, Fixtures and Fittings | 15 – 25% |
| Computer Equipment | 20-40% |

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Other 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:

'Available for Sale', 'Held to Maturity Investments' and "Trade and Other Receivables'.

(i) Held-to-Maturity Investments

Bills of exchange 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 and other receivables are recorded as at cost less allowance for doubtful debts.

(iii) Available-for-sale securities

Investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale. After initial recognition available-for sale securities are measured at fair value with gains or losses being recognised as a separated component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit and loss. The fair value of investments traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date.

(iv) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of held to maturity investments and trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available- for-sale equity instruments, if in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Other Financial Assets (Cont'd)

(iv) Impairment of financial assets (cont'd)

In respect of available-for sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly to equity.

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. Properties are valued by an independent valuer on a regular basis.

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 and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdrafts.

I. Revenue

(i) Membership Revenue

Revenue from membership is recognised on a cash basis.

(ii) Other Revenue

Other revenue is recognised when the right to receive the revenue has been established. Grants are recognised initially as deferred income and taken into income when there is reasonable assurance that they will be received and that the union will comply with the conditions of the grant.

J. Information to be Provided to Members or Registrar

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Chapter 8, Part 3, Division 7, Section 272 which read as follows:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) An 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).

K. Trade and Other Payables

Trade payables and other accounts payables are recognised when the union becomes obliged to make future payments resulting from the purchase of goods and services.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

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

L. New Accounting Standards and Interpretations

In the current year, the Union has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the operations and effective for the current reporting period. In the current reporting period, the Union has adopted the revised AASB 101, Presentation of Financial Statements. The application date of this revised standard was 1 January 2009. The adoption of this revised Standards have not resulted in changes to the Union's accounting policies for the current and prior years.

At the date of this report certain new Accounting Standards and Interpretations have been published that are not mandatory for the financial year ending 31 December 2009. They are available for early adoption, but have not been applied in preparing this financial report. The Union's assessment of the impact of the new Standards and Interpretations relevant to the Union is set out below:

| Amendment | Summary | Impact | Application date of standard | Application date for CFMEU |
|--|---|-----------------------------|------------------------------|----------------------------|
| AASB 124 Related Parties Disclosures | Simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition of a related party. | Full impact to be assessed. | 1 January 2011 | Year ending 31 Dec 2011 |
| AASB 9 Financial Instruments | Includes requirements for the classification and measurement of financial assets. | Full impact to be assessed. | 1 January 2013 | Year ending 31 Dec 2013 |
| AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project | Amendments arising from the Annual improvement program and making changes up to 8 different standards. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes. | Full impact to be assessed. | 1 January 2010 | Year ending 31 Dec 2010 |

M. Critical Accounting Estimates

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Union's accounting policies. Other than that disclosed in Note 1 (e) (iv) Impairment of financial assets, management does not consider that any of the judgements or estimations adopted have had a significant impact on the financial report.

| | 2009 \$ | 2008 \$ |
|---|------------|------------|
| 2 REVENUE | | |
| Operating Activities | | |
| Membership subscriptions | 10,988,166 | 11,485,651 |
| Interest received | 1,143,429 | 1,949,165 |
| Grant income | 6,610,521 | 5,826,830 |
| Rental income from investment properties | 72,850 | 71,427 |
| Training fees received | 620,194 | 830,031 |
| EBA processing fee | 383,675 | 90,226 |
| Profit on sale of available for sale financial assets | 17,363 | - |
| Other revenue | 374,129 | 307,448 |
| | 20,210,327 | 20,560,778 |

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | 2009 \$ | 2008 \$ |
|---|------------|------------|
| 3 ITEMS INCLUDED IN PROFIT | | |
| Profit has been determined after charging as expenses: | | |
| Depreciation of property, plant and equipment | 808,937 | 833,072 |
| Affiliation fees | 251,414 | 273,479 |
| Direct operating expense related to investment properties | 89,096 | 21,173 |
| Capitation fees – CFMEU – C&G National Office | 991,230 | 1,132,276 |
| Donations | 30,407 | 29,780 |
| Legal fees | 2,389,082 | 479,273 |
| Consultancy fees | 200,107 | 199,637 |
| Bad and doubtful debts | - | 6,856 |
| Loss on disposal of Non-current assets | 132,935 | 161,623 |
| Remuneration of the auditors: | | |
| PKF – audit of financial report | | |
| Current year | 40,000 | 36,300 |
| Prior year | 7,864 | - |
| PKF – grant audits | 6,670 | 9,820 |
| | 54,534 | 46,120 |
| | | |
| Total Employee Benefits excluding superannuation | 7,159,110 | 6,518,660 |
| Total superannuation | 1,134,190 | 1,363,381 |
| | 8,293,300 | 7,882,041 |
| | | |
| 4 CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 3,300 | 6,550 |
| Cash at bank | 639,340 | 3,697,124 |
| Short term deposits | 7,763,979 | 5,221,261 |
| | 8,406,619 | 8,924,935 |
| | | |
| 5 TRADE AND OTHER RECEIVABLES | | |
| Other debtors | 354,814 | 251,172 |
| Accrued income | 733,549 | 158,959 |
| Prepayment | 467,986 | 242,165 |
| | 1,556,349 | 652,296 |
| | | |
| The carrying amount of accounts receivable approximates fair value. There are no balances within receivables that contain assets that are past due but not impaired. It is expected these balances will be received when due. There are no impaired assets. | | |
| | | |
| 6 OTHER FINANCIAL ASSETS | | |
| Current | | |
| Available for sale investments at fair value | 1,247,430 | 983,791 |
| Held to maturity term deposit | 3,000,000 | 500,000 |
| Held to maturity investments at amortised cost | 2,500,000 | 1,500,000 |
| Allowance for impairment of held to maturity investments | (574,919) | - |
| | 6,172,511 | 2,983,791 |

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | 2009 \$ | 2008 \$ |
|---|-------------|-------------|
| 6 OTHER FINANCIAL ASSETS (Continued) | | |
| Non current | | |
| Unlisted trusts at cost | 1,682 | 1,682 |
| Held to maturity investments at amortised cost | 16,300,000 | 18,800,000 |
| Allowance for impairment of held to maturity investments | (4,165,206) | (3,770,745) |
| | 12,134,794 | 15,029,255 |
| | 12,136,476 | 15,030,937 |
| 7 INVESTMENT PROPERTY | | |
| Balance at beginning of financial year at fair value | 4,240,000 | 4,240,000 |
| Movement due to revaluation | - | - |
| Balance at end of financial year at fair value | 4,240,000 | 4,240,000 |
| 8 PROPERTY, PLANT AND EQUIPMENT | | |
| Land and buildings | | |
| Freehold land at fair value | 7,142,903 | 6,784,612 |
| | 7,142,903 | 6,784,612 |
| Buildings at fair value | 3,834,079 | 3,168,682 |
| Less: Accumulated depreciation | (240,522) | (111,718) |
| | 3,593,557 | 3,056,964 |
| Improvements at costs | 1,759,897 | 1,192,432 |
| Less: Accumulated depreciation | (105,601) | (72,654) |
| | 1,654,296 | 1,119,778 |
| TOTAL LAND AND BUILDINGS | 12,390,756 | 10,961,354 |
| <p>The revaluations of land and buildings were based on the assessment of their current market value, subject to vacant possession.</p> <p>The independent revaluations dated 15 November 2007 were carried out by Certified practising Values, Charter Keck Cramer.</p> <p>The value made in accordance with a regular policy of obtaining independent valuation of land and buildings a maximum of every three years to ensure that requirements of accounting standards regarding fair value basis of valuation are met.</p> | | |
| Valuations | | |
| (a) Plant and equipment | 504,769 | 486,140 |
| Less: Accumulated depreciation | (267,506) | (226,723) |
| | 237,263 | 259,417 |
| (b) Training equipment | 662,078 | 343,512 |
| Less: Accumulated depreciation | (190,364) | (112,997) |
| | 471,714 | 230,515 |
| (c) Computer equipment | 1,072,786 | 1,041,014 |
| Less: Accumulated depreciation | (885,627) | (791,396) |
| | 187,159 | 249,618 |
| (d) Furniture and fittings | 812,818 | 761,130 |
| Less: Accumulated depreciation | (309,174) | (221,413) |
| | 503,644 | 539,717 |

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

| | 2009 \$ | 2008 \$ |
|--|------------|------------|
| 8 PROPERTY, PLANT AND EQUIPMENT (Continued) | | |
| (e) Motor vehicles at cost | 2,280,901 | 2,341,832 |
| Less: Accumulated depreciation | (705,948) | (751,071) |
| | 1,574,953 | 1,590,761 |
| TOTAL PLANT AND EQUIPMENT | 2,974,733 | 2,870,028 |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 15,365,489 | 13,831,382 |

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.

| | Land & Buildings | Improvements | Plant & Equipment | Training Equipment |
|--|---------------------------|-------------------------------------|-------------------------------|-----------------------|
| 2009 | | | | |
| Balance at beginning of the year | 9,841,576 | 1,119,778 | 259,417 | 230,515 |
| Additions | 1,023,688 | 567,465 | 18,629 | 318,566 |
| Disposals | - | - | - | - |
| Revaluations | - | - | - | - |
| Depreciation expense | (128,804) | (32,947) | (40,783) | (77,367) |
| Carrying amount at the end of the year | 10,736,460 | 1,654,296 | 237,263 | 471,714 |
| | Motor Vehicles | Furniture & Fittings | Computer Equipment | Total |
| Balance at beginning of the year | 1,590,761 | 539,717 | 249,618 | 13,831,382 |
| Additions | 636,583 | 51,687 | 47,270 | 2,663,888 |
| Disposals | (317,168) | - | (3,676) | (320,844) |
| Revaluations | - | - | - | - |
| Depreciation expense | (335,223) | (87,760) | (106,053) | (808,937) |
| Carrying amount at the end of the year | 1,574,953 | 503,644 | 187,159 | 15,365,489 |
| 2008 | | | | |
| Balance at beginning of the year | 8,903,399 | 950,627 | 303,474 | 250,126 |
| Additions | 1,049,895 | 241,667 | 7,700 | 29,340 |
| Disposals | - | (4,453) | (5,568) | - |
| Revaluations | - | - | - | - |
| Depreciation expense | (111,718) | (68,063) | (46,189) | (48,951) |
| Carrying amount at the end of the year | 9,841,576 | 1,119,778 | 259,417 | 230,515 |
| | Motor Vehicles | Furniture & Fittings | Computer Equipment | Total |
| Balance at beginning of the year | 1,521,611 | 629,923 | 287,638 | 12,846,798 |
| Additions | 762,079 | 10,956 | 102,489 | 2,204,126 |
| Disposals | (366,544) | (5,579) | (4,326) | (386,470) |
| Revaluations | - | - | - | - |
| Depreciation expense | (326,385) | (95,583) | (136,183) | (833,072) |
| Carrying amount at the end of the year | 1,590,761 | 539,717 | 249,618 | 13,831,382 |

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | 2009 \$ | 2008 \$ |
|--|------------------|------------------|
| 9 PAYABLES | | |
| Trade creditors | 553,316 | 714,596 |
| CFMEU – C&G National Office | 91,230 | 40,193 |
| Sundry creditors and accruals | 542,031 | 362,489 |
| GST payables | 171,623 | 193,295 |
| Trade and other payables | <u>1,358,200</u> | <u>1,310,573</u> |
| | | |
| Grant Liability Held | <u>21,175</u> | <u>1,539,167</u> |
| | | |
| The carrying amount of accounts payable approximates fair value. | | |
| 10 PROVISIONS | | |
| Provision for employee entitlements | | |
| Provision for annual leave – Office Holders | 590,801 | 443,541 |
| Provision for annual leave – Other Employees | 540,102 | 347,061 |
| Provision for long service leave – Office Holders | 683,446 | 598,928 |
| Provision for long service leave – Other Employees | 568,790 | 554,444 |
| Provision for redundancy – Office Holders | 959,617 | 764,998 |
| Provision for redundancy – Other Employees | 405,601 | 414,449 |
| | <u>3,748,357</u> | <u>3,123,421</u> |
| | | |
| Provision for legal settlement (refer note 12) | <u>1,100,000</u> | - |
| | <u>4,848,357</u> | <u>3,123,421</u> |

11 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 as set by the National Office.

12 EVENTS SUBSEQUENT TO BALANCE DATE

As noted in prior year accounts the legal action taken by a company against the union 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.

On 7 August 2009, the Australian Building and Construction Commissioner (ABCC) filed its original statement of claim in the Federal Court in Melbourne alleging 92 contraventions of the BCII Act resulting from the West Gate Bridge Industrial dispute. On 23 February 2010, the court was advised that the ABCC had reached an agreement with the CFMEU and its officials. Penalties submitted to the court for consideration total \$1,100,000. In a trial which commenced on 1 March 2010, His Honour Justice Jessup will rule on whether the 52 contraventions in the ABCC's amended Statement of Claim are supported by the evidence, and if so, whether the agreed penalty is appropriate for each of the contraventions. On 17 March 2010 Justice Jessup reserved his decision subject to further questioning of the parties. No further hearing date has been scheduled at this time. A provision for legal settlement of \$1,100,000 was taken up in anticipation of the judgement to be issued by the Federal Court.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | | |
|--|-------------|-------------|
| | 2009 | 2008 |
| | \$ | \$ |

13 FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The union's principal financial instruments comprise of receivables, payables, cash and various forms of investments, including bank notes, CDO'S and equity funds. The union manages its exposure to key financial risks in accordance with the union's financial risk management policy. The objective of the policy is to support the delivery of the union's financial targets whilst protecting future financial security.

The main risks arising from the union's financial instruments are interest rate and credit risk. The union uses different methods to measure and manage different types of risks to which it is exposed. The Investment Committee and Executive Committee on behalf of the DBMC review, agrees and manages the policies and risks facing the Union, including review of policies for trading in investments, credit allowances, and future cash flow forecast projections.

Risk Exposures and Response

Financial Assets

| | | |
|--|-------------|-------------|
| Cash and cash equivalents | 8,406,619 | 8,924,935 |
| Trade and other receivables | 1,556,349 | 652,296 |
| Held to maturity term deposits | 3,000,000 | 500,000 |
| Unlisted trusts at cost | 1,682 | 1,682 |
| Available for sale investments at fair value | 1,247,430 | 983,791 |
| Held to maturity investment at amortised costs | 18,800,000 | 20,300,000 |
| Allowance for impairment | (4,740,125) | (3,770,745) |
| Net exposure | 28,271,955 | 27,591,959 |

Interest rate risk

Exposure to market interest rates, primarily to cash investments held. At balance date, Union had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges.

The union's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

| | | Maturing in: | | | | | | |
|----------------------------|---------------------------|--------------------|--------------------------------|-------------------------------|----------------------|-----------------------------|------------|--|
| | | 1 month or less | Over 1 month to 3 months | Over 3 months to 1 year | Over 1 to 5 years | Non- Interest bearing | Total | Weighted average effective interest rate |
| Financial instruments 2009 | | 2009 \$ | 2009 \$ | 2009 \$ | 2009 \$ | 2009 \$ | 2009 \$ | 2009 % |
| (i) | Financial assets | | | | | | | |
| | Cash | 1,403,319 | 7,000,000 | - | - | 3,300 | 8,406,619 | 4.56 |
| | Trade & other receivables | - | - | - | - | 1,556,349 | 1,556,349 | - |
| | Investments | - | 3,000,000 | 1,925,081 | 12,134,794 | 1,249,112 | 18,308,987 | 3.59 |
| | | | | | | | 28,271,955 | |
| (ii) | Financial liabilities | | | | | | | |
| | Trade and other payable | - | - | - | - | 2,184,258 | 2,184,258 | |
| | | | | | | | 2,184,258 | |

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

13 FINANCIAL INSTRUMENTS (Cont'd)

Interest rate risk (cont'd)

| | Maturing in: | | | | | Total | Weighted average effective interest rate |
|----------------------------|-----------------|--------------------------|-------------------------|-------------------|----------------------|-------------------|--|
| | 1 month or less | Over 1 month to 3 months | Over 3 months to 1 year | Over 1 to 5 years | Non-Interest bearing | | |
| Financial instruments 2008 | 2008 | 2008 | 2008 | 2008 | 2008 | 2008 | 2008 |
| | \$ | \$ | \$ | \$ | \$ | \$ | % |
| (i) Financial assets | | | | | | | |
| Cash | 6,418,385 | - | 2,500,000 | - | 6,550 | 8,924,935 | 0.059 |
| Trade & other receivables | - | - | - | - | 652,296 | 652,296 | - |
| Investments | - | - | 2,000,000 | 13,529,255 | 2,485,473 | 18,014,728 | 3.880 |
| | | | | | | <u>27,591,959</u> | |
| (ii) Financial liabilities | | | | | | | |
| Trade and other payable | | | | | 1,234,006 | <u>1,234,006</u> | |

Sensitivity Analysis

The follow sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 31 December 2008, if interest rates had moved, as illustrated in table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

| | Net Profit | | Net Assets | |
|--------------------------|------------|-----------|------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| + 1% (100 basis points) | 246,906 | 239,508 | 246,906 | 239,508 |
| - 0.5% (50 basis points) | (120,285) | (119,277) | (120,285) | (119,277) |

Credit Risk

Credit risk arises from the financial assets of the union, which comprise cash and cash equivalents, trade and other receivables, investments and available-for-sale financial assets. The Unions exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is disclosed in each applicable note.

For the remaining financial assets there is no significant concentration of credit risk within the Union and financial instruments are spread amongst a number of reputable financial institutions to minimise the risk of default of counterparties. Due to the global economic down turn however a number of the Union's held to maturity investments in the form of CDOs have had defaults against them and \$6,134,794 (net of provision of impairment) of the CDOs are no longer paying interest.

Foreign Currency Risk

Both the functional and presentation currency of CFMEU is in Australian dollars (A\$).

The Union's exposure to foreign currency risk is minimal.

| | 2009 | 2008 |
|--|-----------|-----------|
| | \$ | \$ |
| 14 REMUNERATION AND RETIREMENT BENEFITS | | |
| Income paid to any members of the Divisional Branch Management Committee "DBMC" by the union including salaries, termination payments, long service leave, motor vehicle benefits etc. | 1,718,625 | 1,955,815 |

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

14 REMUNERATION AND RETIREMENT BENEFITS (Cont'd)

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

| | | |
|---------------|--------------|-----------------|
| Akbari F | Edwards R | Setka J |
| Berardi D | Hudson M | Savronidis C |
| Beattie B | Ioannidis A | Spernovasilis E |
| Berardi D | Little A | Stephenson G |
| Bergic S | McLaughlin A | Stradjot F |
| Booth R | Neilson B | Theodorou |
| Christopher D | O'Grady F | Washington N |
| Cody M | Oliver W | Watson T |
| Cordier A | Perkovic J | Williams R |
| Doyle F | Reardon S | |
| Duggan J | Round P | |

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 86 employees (2008: 87)

15 CASH FLOW INFORMATION

(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 | 3,300 | 6,550 |
| Cash at bank | 639,340 | 3,697,124 |
| Short term deposits | 7,763,979 | 5,221,261 |
| | 8,406,619 | 8,924,935 |

(b) Reconciliation of cash flow from operations surplus (deficit)

| | | |
|---|-------------|-----------|
| Net surplus/(deficit) | 1,705,995 | (71,208) |
| Depreciation | 808,937 | 833,072 |
| Net deficit on disposal of property plant & equipment | 132,935 | 161,623 |
| Net gain on sale of financial asset | (17,363) | |
| Unrealised loss on investments | 969,380 | 4,480,509 |
| Increase/(Decrease) in receivables | (329,465) | 577,995 |
| Increase/(Decrease) in payables | (526,964) | (244,521) |
| Decrease/(Increase) in inventories | 7,602 | 7,223 |
| Increase/Decrease in grant liability | (1,517,992) | 415,967 |
| Increase in provisions | 1,724,937 | 54,132 |
| Cash flows from operations | 2,958,002 | 6,214,792 |



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CFMEU CONSTRUCTION AND GENERAL DIVISION
— VICTORIA BRANCH**

Chartered Accountants
& Business Advisers

We have audited the accompanying financial report of CFMEU Construction and General Division — Victoria Branch which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Committee of Management Statement.

Office Holders' Responsibility for the Financial Report

The Office Holders are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Fair Work (Registered Organisations) Act 2009*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Office Holders, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the CFMEU Construction and General Division - Victoria Branch as of 31 December 2009 and of its performance and its cash flows for the year ended on that date, and is in accordance with:

- a) Accounting Standards in Australia and the requirements of the Fair Work (Registered Organisations) Act 2009, Chapter 8, Part 3 — Accounts and Audit; and
- b) other mandatory financial reporting requirements in Australia.


PKF



J A Mooney
Partner
Registered Company Auditor # 311052

24 May 2010
Melbourne

Tel: 61 3 9603 1700 | Fax: 61 3 9602 3870 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

**Construction, Forestry, Mining and Energy Union
Construction and General Division
Victorian Divisional 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 31st December 2009:

- (a) *The financial report and notes for the financial year ended 31st December, 2009 comply with applicable accounting standards;*
- (b) *The financial report and notes for the financial year ended 31st December, 2009 comply with the reporting guidelines of Fair Work Australia;*
- (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 31st December, 2009;*
- (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 31st December, 2009 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 the Fair Work (Registered Organizations) Act 2009 and Fair Work (Registered Organizations) 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 organization; and*
 - (v) *no information has been sought, in any request of a member of the Union or the Manager of Fair Work Australia duly made under section 272 of the Fair Work (Registered Organizations) Act 2009 ; and*
 - (vi) *no orders have been made by the Manager of Fair Work Australia, in regard to inspection of financial records under section 273 of the Fair Work (Registered Organizations) Act 2009 during the year.*

For the Committee of Management:

1. *C. Stephen*

2. *Matthew Hill*

29th July, 2010

Attention: Stephen Kellett
Fair Work Australia
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011



CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

Dear Stephen Kellett,

RE: Financial year ended 31 December, 2009

ACCOUNTS FOR CONSTRUCTION, FORESTRY, MINING AND
ENERGY UNION-CONSTRUCTION AND GENERAL
DIVISION BRANCH (VICTORIA BRANCH)

Please find attached our financial accounts for the year ended 31
December, 2009 passed by our Divisional Branch Management
Committee on Tuesday the 27th of July, 2010.

These accounts were published on our website

www.cfmeuvic.com.au

on the 25th of June, 2010.

Should you need any further information please contact Edith
Harris on 03 9341 3456 or edithh@vic.cfmeu.asn.au.

Yours faithfully

Ralph Edwards
President
CFMEU Construction and General Division (Victoria Branch)

VICTORIAN BRANCH
500 SWANSTON STREET
CARLTON STH, VIC 3053

PH: (03) 9341 3444
FAX: (03) 9341 3427



Attention: Stephen Kellett
Fair Work Australia
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011

CONSTRUCTION

FORESTRY

MINING

ENERGY

UNION

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

I, RALPH EDWARDS

Being a prescribed designated officer, certify that the documents lodged with Fair Work Australia, consisting of the general purpose financial report of the Victorian Divisional Branch of the Construction and General Division of the Construction, Forestry, Mining and Energy Union for the year ended 31 December, 2009 are:

- copies of the documents provided to members on our website(www.cfmeuvic.com.au) on the 25th of June, 2010

And

- And subsequently presented to the Divisional Branch Management Committee in accordance with the Fair Work (Registered Organisations) Act 2009 and Fair Work (Registered Organisations) Regulations 2009, on the 27th of July, 2010.



Ralph Edwards
President
CFMEU Construction and General Division (Victoria Branch)

VICTORIAN BRANCH
500 SWANSTON STREET
CARLTON STH, VIC 3053

PH: (03) 9341 3444
FAX: (03) 9341 3427

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

Operating Report

Introduction

In 2009 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 Fair Work (Registered Organisations) Act 2009. The many benefits of membership include unity in EBA negotiations. The CFMEU employs organisers to help members and provides access to occupational health and safety representatives, training and legal advice.

Financial Position

The CFMEU is in a secure financial position because office holders have ensured that a "safety net" exists for members both individually and as a union so that our united strength can be defended. The Union's operations resulted in a surplus of \$1,705,995 for the year ended 31st December 2009.

In the 2008 financial year, the Union's operations resulted in a deficit of \$71,208 due to requirements to recognise an impairment provision of \$3,770,745 on the Union's held to maturity investments. A further impairment provision of \$969,380 was recognised in the year ended 31 December 2009. However, the office holders are confident that the Union has sufficient resources available to absorb the impairment losses without adverse effect on the Union's day to day operations.

The investments of the Union are handled by the Investment Committee which is made up of office holders taking advice from professional investment advisers. The global financial crisis has thus far had a negative effect of some of the Union's held to maturity investments mainly in the form of CDOs. The Investment Committee will continue to monitor the Union's investments and seek professional advice in regard to further investment decisions.

Number of Employees

The union had 86 (2008: 87) employees.

Number of Members

The number of members for the year ended 31 December 2009 was 20,992 (2008: 25,518)

Rights of Members

A member can resign from membership by written notice and in accordance with Chapter 6, Part 3, Section 174 of the Fair Work (Registered Organisation) Act 2009 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).

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

Operating Report (continued)

Office Holders

The names of the members of the Divisional Branch Management Committee "DBMC" during financial year were:

| | |
|-----------------|------------------------------------|
| Akbari F | 1 January 2009 to 31 December 2009 |
| Berardi D | 1 January 2009 to 31 December 2009 |
| Beattie B | 1 January 2009 to 31 December 2009 |
| Bergic S | 1 January 2009 to 31 December 2009 |
| Booth R | 1 January 2009 to 31 December 2009 |
| Christopher D | 1 January 2009 to 31 December 2009 |
| Cody M | 1 January 2009 to 31 December 2009 |
| Cordier A | 1 January 2009 to 31 December 2009 |
| Doyle F | 1 January 2009 to 31 December 2009 |
| Duggan J | 1 January 2009 to 31 December 2009 |
| Edwards R | 1 January 2009 to 31 December 2009 |
| Hudson M | 1 January 2009 to 31 December 2009 |
| Ioannidis A | 1 January 2009 to 31 December 2009 |
| Little A | 1 January 2009 to 31 December 2009 |
| McLaughlin A | 1 January 2009 to 31 December 2009 |
| Neilson B | 1 January 2009 to 31 December 2009 |
| O'Grady F | 1 January 2009 to 31 December 2009 |
| Oliver W | 1 January 2009 to 31 December 2009 |
| Perkovic J | 1 January 2009 to 31 December 2009 |
| Reardon S | 1 January 2009 to 31 December 2009 |
| Round P | 1 January 2009 to 31 December 2009 |
| Setka J | 1 January 2009 to 31 December 2009 |
| Savronidis C | 1 January 2009 to 31 December 2009 |
| Spernovasilis E | 1 January 2009 to 31 December 2009 |
| Stephenson G | 1 January 2009 to 31 December 2009 |
| Stradjot F | 1 January 2009 to 31 December 2009 |
| Theodorou O. | 1 January 2009 to 31 December 2009 |
| Washington N | 1 January 2009 to 31 December 2009 |
| Watson T | 1 January 2009 to 31 December 2009 |
| Williams R | 1 January 2009 to 31 December 2009 |

Signed



For and on behalf of the Divisional Branch Management Committee

Date

24 . 5 . 10

**Ralph Edwards
President**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | Note | 2009 \$ | 2008 \$ |
|--|------|-------------------|-------------------|
| Revenue | 2 | 20,210,327 | 20,560,778 |
| Less expenses | | | |
| Office and administration | | 1,409,090 | 1,460,025 |
| Capitation, affiliation, and amalgamation | | 1,242,643 | 1,805,754 |
| Depreciation | 3 | 808,937 | 833,072 |
| Direct employee benefits – office holders | | 3,104,753 | 3,123,763 |
| Direct employee benefits – office employees | | 5,188,547 | 4,691,318 |
| Employee related costs | | 1,440,598 | 1,462,320 |
| Occupancy | | 710,262 | 602,823 |
| Organisers, conference and consultancy expenses | | 3,333,073 | 1,782,219 |
| Journal costs | | 159,610 | 228,560 |
| Loss of disposal of non current assets | | 137,439 | 161,623 |
| Impairment of available for sale investments | | - | 709,764 |
| Impairment of held to maturity investments | | 969,380 | 3,770,745 |
| | | <u>18,504,332</u> | <u>20,631,986</u> |
| Net Surplus/(Deficit) | | <u>1,705,995</u> | <u>(71,208)</u> |
| Other Comprehensive Income | | | |
| Net fair value gain on available for sale financial assets | | 245,937 | - |
| Total comprehensive income for the year | | <u>1,951,932</u> | <u>(71,208)</u> |

The statement of comprehensive income is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

| | Note | 2009 \$ | 2008 \$ |
|-------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 8,406,619 | 8,924,935 |
| Trade and other receivables | 5 | 1,556,349 | 652,296 |
| Inventories | | 26,795 | 34,396 |
| Other financial assets | 6 | 6,172,511 | 2,983,791 |
| | | <u>16,162,274</u> | <u>12,595,418</u> |
| NON-CURRENT ASSETS | | | |
| Investment properties | 7 | 4,240,000 | 4,240,000 |
| Property, plant and equipment | 8 | 15,365,489 | 13,831,382 |
| Other financial assets | 6 | 12,136,476 | 15,030,937 |
| | | <u>31,741,965</u> | <u>33,102,319</u> |
| TOTAL ASSETS | | <u>47,904,239</u> | <u>45,697,737</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 1,358,200 | 1,310,573 |
| Grant liability held | 9 | 21,175 | 1,539,167 |
| Provision | 10 | 4,848,357 | 3,123,421 |
| TOTAL LIABILITIES | | <u>6,227,732</u> | <u>5,973,161</u> |
| NET ASSETS | | <u>41,676,507</u> | <u>39,724,576</u> |
| MEMBERS' FUNDS | | | |
| Accumulated Members Funds | | 39,166,559 | 37,460,564 |
| Asset Revaluation Reserve | | 2,509,948 | 2,264,012 |
| TOTAL MEMBERS' FUNDS | | <u>41,676,507</u> | <u>39,724,576</u> |

The statement of financial position is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | Accumulated Members Funds \$ | Asset Revaluation Reserve \$ | Available for Sale Financial Assets Reserve \$ | Total \$ |
|---|---------------------------------------|---------------------------------------|---|-------------|
| Balance at 1 January 2008 | 37,531,772 | 2,264,012 | - | 39,795,784 |
| Deficit for the year | (71,208) | - | - | (71,208) |
| Balance at 31 December 2008 | 37,460,564 | 2,264,012 | - | 39,724,576 |
| Surplus for the year | 1,705,995 | - | - | 1,705,995 |
| Net fair value gain on available for sale assets | - | - | 245,936 | 245,936 |
| Balance at 31 December 2009 | 39,166,559 | 2,264,012 | 245,936 | 41,676,507 |

The statement of changes in equity is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | Note | 2009 \$ | 2008 \$ |
|--|-------|--------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from members | | 11,577,126 | 13,271,146 |
| Operating grant receipts | | 6,617,396 | 5,826,830 |
| Rent received | | 72,850 | 71,427 |
| Receipts from sale of publications | | 99,400 | 97,221 |
| Interest received | | 1,163,545 | 2,093,005 |
| Payments to suppliers and employees | | (15,653,972) | (13,988,584) |
| Payments – CFMEU – C&G National Office | | (918,343) | (1,156,253) |
| Net cash provided by operating activities | 15(b) | <u>2,958,002</u> | <u>6,214,792</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payment for property, plant and equipment | | (2,663,888) | (2,204,126) |
| Proceeds from sale of property, plant and equipment | | 187,909 | 224,847 |
| Proceeds from matured investments | | 2,239,661 | 2,200,000 |
| Payment for investments | | (3,240,000) | (2,250,000) |
| Net cash used in investing activities | | <u>(3,476,318)</u> | <u>(2,029,279)</u> |
| Net increase/(decrease) in cash held | | (518,316) | 4,185,513 |
| Cash and cash equivalents at beginning of financial year | | 8,924,935 | 4,739,422 |
| Cash and cash equivalents at end of financial year | 15(a) | <u>8,406,619</u> | <u>8,924,935</u> |

The statement of cash flows is to be read in conjunction with the accompanying notes

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial report is for CFMEU Construction and General Division Victorian Divisional Branch as an individual entity for the year ended 31 December 2009. The CFMEU Construction and General Division Victorian Branch ("The Union") is an organisation committed to providing a broad range of services to members and defending their rights. The registered office and principal place of operation is 500 Swanston Street, Melbourne, Victoria.

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 Fair Work (Registered Organisations) Act 2009. The Executive have prepared the financial report in accordance with Accounting Standards and the Australian Accounting Interpretations, and other pronouncements of the Australian Accounting Standards Board and the requirements of the Fair Work (Registered Organisations) Act 2009.

Compliance with IFRS

For the purposes of this financial report, the Union is considered to be a not-for-profit entity and as such has prepared this financial report with reference to the requirements regarding Not-For-Profits in the Australian Accounting Standards.

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

Statement of Significant Accounting Policies

Basis of Preparation

The financial report has been prepared on the accrual basis of accounting with the exception of membership income and training fees received which are 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. These financial statements are presented in Australian dollars, which is the division's functional currency. The financial report is prepared on a going concern basis.

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:

- (a) where the GST is not recoverable from the tax office; and
- (b) 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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 are 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.

Most depreciation is provided on a diminishing value method. 20% of assets are depreciated on a straight line basis

Depreciation rates used are as follows:

| | |
|----------------------------------|-------------|
| Buildings | 2.5% |
| Leasehold Improvements | 15% |
| Plant and Equipment | 7.5 – 22.5% |
| Motor Vehicles | 22.5% |
| Furniture, Fixtures and Fittings | 15 – 25% |
| Computer Equipment | 20-40% |

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Other 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:

'Available for Sale', 'Held to Maturity Investments' and "Trade and Other Receivables'.

(i) Held-to-Maturity Investments

Bills of exchange 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 and other receivables are recorded as at cost less allowance for doubtful debts.

(iii) Available-for-sale securities

Investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale. After initial recognition available-for sale securities are measured at fair value with gains or losses being recognised as a separated component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit and loss. The fair value of investments traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date.

(iv) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of held to maturity investments and trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available- for-sale equity instruments, if in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Other Financial Assets (Cont'd)

(iv) Impairment of financial assets (cont'd)

In respect of available-for sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly to equity.

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. Properties are valued by an independent valuer on a regular basis.

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 and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdrafts.

I. Revenue

(i) Membership Revenue

Revenue from membership is recognised on a cash basis.

(ii) Other Revenue

Other revenue is recognised when the right to receive the revenue has been established. Grants are recognised initially as deferred income and taken into income when there is reasonable assurance that they will be received and that the union will comply with the conditions of the grant.

J. Information to be Provided to Members or Registrar

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Chapter 8, Part 3, Division 7, Section 272 which read as follows:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) An 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).

K. Trade and Other Payables

Trade payables and other accounts payables are recognised when the union becomes obliged to make future payments resulting from the purchase of goods and services.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

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

L. New Accounting Standards and Interpretations

In the current year, the Union has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the operations and effective for the current reporting period. In the current reporting period, the Union has adopted the revised AASB 101, Presentation of Financial Statements. The application date of this revised standard was 1 January 2009. The adoption of this revised Standards have not resulted in changes to the Union's accounting policies for the current and prior years.

At the date of this report certain new Accounting Standards and Interpretations have been published that are not mandatory for the financial year ending 31 December 2009. They are available for early adoption, but have not been applied in preparing this financial report. The Union's assessment of the impact of the new Standards and Interpretations relevant to the Union is set out below:

| Amendment | Summary | Impact | Application date of standard | Application date for CFMEU |
|--|---|-----------------------------|------------------------------|----------------------------|
| AASB 124 Related Parties Disclosures | Simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition of a related party. | Full impact to be assessed. | 1 January 2011 | Year ending 31 Dec 2011 |
| AASB 9 Financial Instruments | Includes requirements for the classification and measurement of financial assets. | Full impact to be assessed. | 1 January 2013 | Year ending 31 Dec 2013 |
| AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project | Amendments arising from the Annual improvement program and making changes up to 8 different standards. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes. | Full impact to be assessed. | 1 January 2010 | Year ending 31 Dec 2010 |

M. Critical Accounting Estimates

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Union's accounting policies. Other than that disclosed in Note 1 (e) (iv) Impairment of financial assets, management does not consider that any of the judgements or estimations adopted have had a significant impact on the financial report.

| | 2009 \$ | 2008 \$ |
|---|-------------------|-------------------|
| 2 REVENUE | | |
| Operating Activities | | |
| Membership subscriptions | 10,988,166 | 11,485,651 |
| Interest received | 1,143,429 | 1,949,165 |
| Grant income | 6,610,521 | 5,826,830 |
| Rental income from investment properties | 72,850 | 71,427 |
| Training fees received | 620,194 | 830,031 |
| EBA processing fee | 383,675 | 90,226 |
| Profit on sale of available for sale financial assets | 17,363 | - |
| Other revenue | 374,129 | 307,448 |
| | 20,210,327 | 20,560,778 |

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | 2009 | 2008 |
|---|-----------|-----------|
| | \$ | \$ |
| 3 ITEMS INCLUDED IN PROFIT | | |
| Profit has been determined after charging as expenses: | | |
| Depreciation of property, plant and equipment | 808,937 | 833,072 |
| Affiliation fees | 251,414 | 273,479 |
| Direct operating expense related to investment properties | 89,096 | 21,173 |
| Capitation fees – CFMEU – C&G National Office | 991,230 | 1,132,276 |
| Donations | 30,407 | 29,780 |
| Legal fees | 2,389,082 | 479,273 |
| Consultancy fees | 200,107 | 199,637 |
| Bad and doubtful debts | - | 6,856 |
| Loss on disposal of Non-current assets | 132,935 | 161,623 |
| Remuneration of the auditors: | | |
| PKF – audit of financial report | | |
| Current year | 40,000 | 36,300 |
| Prior year | 7,864 | - |
| PKF – grant audits | 6,670 | 9,820 |
| | 54,534 | 46,120 |
| | | |
| Total Employee Benefits excluding superannuation | 7,159,110 | 6,518,660 |
| Total superannuation | 1,134,190 | 1,363,381 |
| | 8,293,300 | 7,882,041 |
| | | |
| 4 CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 3,300 | 6,550 |
| Cash at bank | 639,340 | 3,697,124 |
| Short term deposits | 7,763,979 | 5,221,261 |
| | 8,406,619 | 8,924,935 |
| | | |
| 5 TRADE AND OTHER RECEIVABLES | | |
| Other debtors | 354,814 | 251,172 |
| Accrued income | 733,549 | 158,959 |
| Prepayment | 467,986 | 242,165 |
| | 1,556,349 | 652,296 |
| | | |
| The carrying amount of accounts receivable approximates fair value. There are no balances within receivables that contain assets that are past due but not impaired. It is expected these balances will be received when due. There are no impaired assets. | | |
| | | |
| 6 OTHER FINANCIAL ASSETS | | |
| Current | | |
| Available for sale investments at fair value | 1,247,430 | 983,791 |
| Held to maturity term deposit | 3,000,000 | 500,000 |
| Held to maturity investments at amortised cost | 2,500,000 | 1,500,000 |
| Allowance for impairment of held to maturity investments | (574,919) | - |
| | 6,172,511 | 2,983,791 |

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

| | 2009 | 2008 |
|---|-------------|-------------|
| | \$ | \$ |
| 6 OTHER FINANCIAL ASSETS (Continued) | | |
| Non current | | |
| Unlisted trusts at cost | 1,682 | 1,682 |
| Held to maturity investments at amortised cost | 16,300,000 | 18,800,000 |
| Allowance for impairment of held to maturity investments | (4,165,206) | (3,770,745) |
| | 12,134,794 | 15,029,255 |
| | 12,136,476 | 15,030,937 |
| 7 INVESTMENT PROPERTY | | |
| Balance at beginning of financial year at fair value | 4,240,000 | 4,240,000 |
| Movement due to revaluation | - | - |
| Balance at end of financial year at fair value | 4,240,000 | 4,240,000 |
| 8 PROPERTY, PLANT AND EQUIPMENT | | |
| Land and buildings | | |
| Freehold land at fair value | 7,142,903 | 6,784,612 |
| | 7,142,903 | 6,784,612 |
| Buildings at fair value | 3,834,079 | 3,168,682 |
| Less: Accumulated depreciation | (240,522) | (111,718) |
| | 3,593,557 | 3,056,964 |
| Improvements at costs | 1,759,897 | 1,192,432 |
| Less: Accumulated depreciation | (105,601) | (72,654) |
| | 1,654,296 | 1,119,778 |
| TOTAL LAND AND BUILDINGS | 12,390,756 | 10,961,354 |
| <p>The revaluations of land and buildings were based on the assessment of their current market value, subject to vacant possession.</p> <p>The independent revaluations dated 15 November 2007 were carried out by Certified practising Values, Charter Keck Cramer.</p> <p>The value made in accordance with a regular policy of obtaining independent valuation of land and buildings a maximum of every three years to ensure that requirements of accounting standards regarding fair value basis of valuation are met.</p> | | |
| Valuations | | |
| (a) Plant and equipment | 504,769 | 486,140 |
| Less: Accumulated depreciation | (267,506) | (226,723) |
| | 237,263 | 259,417 |
| (b) Training equipment | 662,078 | 343,512 |
| Less: Accumulated depreciation | (190,364) | (112,997) |
| | 471,714 | 230,515 |
| (c) Computer equipment | 1,072,786 | 1,041,014 |
| Less: Accumulated depreciation | (885,627) | (791,396) |
| | 187,159 | 249,618 |
| (d) Furniture and fittings | 812,818 | 761,130 |
| Less: Accumulated depreciation | (309,174) | (221,413) |
| | 503,644 | 539,717 |

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | 2009 \$ | 2008 \$ |
|--|-------------------|-------------------|
| 8 PROPERTY, PLANT AND EQUIPMENT (Continued) | | |
| (e) Motor vehicles at cost | 2,280,901 | 2,341,832 |
| Less: Accumulated depreciation | (706,948) | (751,071) |
| | 1,574,953 | 1,590,761 |
| TOTAL PLANT AND EQUIPMENT | 2,974,733 | 2,870,028 |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 15,365,489 | 13,831,382 |

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.

| | Land & Buildings | Improvements | Plant & Equipment | Training Equipment |
|--|---------------------------|-------------------------------------|-------------------------------|-----------------------|
| 2009 | | | | |
| Balance at beginning of the year | 9,841,576 | 1,119,778 | 259,417 | 230,515 |
| Additions | 1,023,688 | 567,465 | 18,629 | 318,566 |
| Disposals | - | - | - | - |
| Revaluations | - | - | - | - |
| Depreciation expense | (128,804) | (32,947) | (40,783) | (77,367) |
| Carrying amount at the end of the year | 10,736,460 | 1,654,296 | 237,263 | 471,714 |
| | Motor Vehicles | Furniture & Fittings | Computer Equipment | Total |
| Balance at beginning of the year | 1,590,761 | 539,717 | 249,618 | 13,831,382 |
| Additions | 636,583 | 51,687 | 47,270 | 2,663,888 |
| Disposals | (317,168) | - | (3,676) | (320,844) |
| Revaluations | - | - | - | - |
| Depreciation expense | (335,223) | (87,760) | (106,053) | (808,937) |
| Carrying amount at the end of the year | 1,574,953 | 503,644 | 187,159 | 15,365,489 |
| 2008 | | | | |
| Balance at beginning of the year | 8,903,399 | 950,627 | 303,474 | 250,126 |
| Additions | 1,049,895 | 241,667 | 7,700 | 29,340 |
| Disposals | - | (4,453) | (5,568) | - |
| Revaluations | - | - | - | - |
| Depreciation expense | (111,718) | (68,063) | (46,189) | (48,951) |
| Carrying amount at the end of the year | 9,841,576 | 1,119,778 | 259,417 | 230,515 |
| | Motor Vehicles | Furniture & Fittings | Computer Equipment | Total |
| Balance at beginning of the year | 1,521,611 | 629,923 | 287,638 | 12,846,798 |
| Additions | 762,079 | 10,956 | 102,489 | 2,204,126 |
| Disposals | (366,544) | (5,579) | (4,326) | (386,470) |
| Revaluations | - | - | - | - |
| Depreciation expense | (326,385) | (95,583) | (136,183) | (833,072) |
| Carrying amount at the end of the year | 1,590,761 | 539,717 | 249,618 | 13,831,382 |

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | 2009 | 2008 |
|-------------------------------|-------------------|----------------------|
| | \$ | \$ |
| 9 PAYABLES | | |
| Trade creditors | 553,316 | 714,596 |
| CFMEU – C&G National Office | 91,230 | 40,193 |
| Sundry creditors and accruals | 542,031 | 362,489 |
| GST payables | 171,623 | 193,295 |
| Trade and other payables | <u>1,358,200</u> | <u>1,310,573</u> |
| Grant Liability Held | <u>21,175</u> | <u>1,539,167</u> |

The carrying amount of accounts payable approximates fair value.

10 PROVISIONS

| | | |
|--|----------------------|------------------|
| Provision for employee entitlements | | |
| Provision for annual leave – Office Holders | 590,801 | 443,541 |
| Provision for annual leave – Other Employees | 540,102 | 347,061 |
| Provision for long service leave – Office Holders | 683,446 | 598,928 |
| Provision for long service leave – Other Employees | 568,790 | 554,444 |
| Provision for redundancy – Office Holders | 959,617 | 764,998 |
| Provision for redundancy – Other Employees | 405,601 | 414,449 |
| | <u>3,748,357</u> | <u>3,123,421</u> |
| Provision for legal settlement (refer note 12) | <u>1,100,000</u> | <u>-</u> |
| | <u>4,848,357</u> | <u>3,123,421</u> |

11 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 as set by the National Office.

12 EVENTS SUBSEQUENT TO BALANCE DATE

As noted in prior year accounts the legal action taken by a company against the union 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.

On 7 August 2009, the Australian Building and Construction Commissioner (ABCC) filed its original statement of claim in the Federal Court in Melbourne alleging 92 contraventions of the BCII Act resulting from the West Gate Bridge Industrial dispute. On 23 February 2010, the court was advised that the ABCC had reached an agreement with the CFMEU and its officials. Penalties submitted to the court for consideration total \$1,100,000. In a trial which commenced on 1 March 2010, His Honour Justice Jessup will rule on whether the 52 contraventions in the ABCC's amended Statement of Claim are supported by the evidence, and if so, whether the agreed penalty is appropriate for each of the contraventions. On 17 March 2010 Justice Jessup reserved his decision subject to further questioning of the parties. No further hearing date has been scheduled at this time. A provision for legal settlement of \$1,100,000 was taken up in anticipation of the judgement to be issued by the Federal Court.

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

| | | |
|--|-------------|-------------|
| | 2009 | 2008 |
| | \$ | \$ |

13 FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The union's principal financial instruments comprise of receivables, payables, cash and various forms of investments, including bank notes, CDO'S and equity funds. The union manages its exposure to key financial risks in accordance with the union's financial risk management policy. The objective of the policy is to support the delivery of the union's financial targets whilst protecting future financial security.

The main risks arising from the union's financial instruments are interest rate and credit risk. The union uses different methods to measure and manage different types of risks to which it is exposed. The Investment Committee and Executive Committee on behalf of the DBMC review, agrees and manages the policies and risks facing the Union, including review of policies for trading in investments, credit allowances, and future cash flow forecast projections.

Risk Exposures and Response

Financial Assets

| | | |
|--|-------------|-------------|
| Cash and cash equivalents | 8,406,619 | 8,924,935 |
| Trade and other receivables | 1,556,349 | 652,296 |
| Held to maturity term deposits | 3,000,000 | 500,000 |
| Unlisted trusts at cost | 1,682 | 1,682 |
| Available for sale investments at fair value | 1,247,430 | 983,791 |
| Held to maturity investment at amortised costs | 18,800,000 | 20,300,000 |
| Allowance for impairment | (4,740,125) | (3,770,745) |
| Net exposure | 28,271,955 | 27,591,959 |

Interest rate risk

Exposure to market interest rates, primarily to cash investments held. At balance date, Union had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges.

The union's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Maturing in:

| | 1 month or less | Over 1 month to 3 months | Over 3 months to 1 year | Over 1 to 5 years | Non- interest bearing | Total | Weighted average effective interest rate |
|-----------------------------------|--------------------|--------------------------------|-------------------------------|----------------------|-----------------------------|------------|--|
| Financial Instruments 2009 | 2009 \$ | 2009 \$ | 2009 \$ | 2009 \$ | 2009 \$ | 2009 \$ | 2009 % |
| (i) Financial assets | | | | | | | |
| Cash | 1,403,319 | 7,000,000 | - | - | 3,300 | 8,406,619 | 4.56 |
| Trade & other receivables | - | - | - | - | 1,556,349 | 1,556,349 | - |
| Investments | - | 3,000,000 | 1,925,081 | 12,134,794 | 1,249,112 | 18,308,987 | 3.59 |
| | | | | | | 28,271,955 | |
| (ii) Financial liabilities | | | | | | | |
| Trade and other payable | - | - | - | - | 2,184,258 | 2,184,258 | |
| | | | | | | 2,184,258 | |

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

13 FINANCIAL INSTRUMENTS (Cont'd)

Interest rate risk (cont'd)

| | Maturing in: | | | | | Total | Weighted average effective interest rate |
|-----------------------------------|--------------------|--------------------------------|-------------------------------|----------------------|-----------------------------|-------------------|--|
| | 1 month or less | Over 1 month to 3 months | Over 3 months to 1 year | Over 1 to 5 years | Non- Interest bearing | | |
| | 2008 \$ | 2008 \$ | 2008 \$ | 2008 \$ | 2008 \$ | | |
| Financial instruments 2008 | | | | | | | |
| (i) Financial assets | | | | | | | |
| Cash | 6,418,385 | - | 2,500,000 | - | 6,550 | 8,924,935 | 0.059 |
| Trade & other receivables | - | - | - | - | 652,296 | 652,296 | - |
| Investments | - | - | 2,000,000 | 13,529,255 | 2,485,473 | 18,014,728 | 3.880 |
| | | | | | | <u>27,591,959</u> | |
| (ii) Financial liabilities | | | | | | | |
| Trade and other payable | | | | | 1,234,006 | <u>1,234,006</u> | |

Sensitivity Analysis

The follow sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 31 December 2008, if interest rates had moved, as illustrated in table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

| | Net Profit | | Net Assets | |
|--------------------------|----------------|-----------------|-----------------|-----------------|
| | 2009 \$'000 | 2008 \$0,000 | 2009 \$0,000 | 2008 \$0,000 |
| + 1% (100 basis points) | 246,906 | 239,508 | 246,906 | 239,508 |
| - 0.5% (50 basis points) | (120,285) | (119,277) | (120,285) | (119,277) |

Credit Risk

Credit risk arises from the financial assets of the union, which comprise cash and cash equivalents, trade and other receivables, investments and available-for-sale financial assets. The Unions exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is disclosed in each applicable note.

For the remaining financial assets there is no significant concentration of credit risk within the Union and financial instruments are spread amongst a number of reputable financial institutions to minimise the risk of default of counterparties. Due to the global economic down turn however a number of the Union's held to maturity investments in the form of CDOs have had defaults against them and \$6,134,794 (net of provision of impairment) of the CDOs are no longer paying interest.

Foreign Currency Risk

Both the functional and presentation currency of CFMEU is in Australian dollars (A\$).

The Union's exposure to foreign currency risk is minimal.

| | 2009 \$ | 2008 \$ |
|--|------------|------------|
| 14 REMUNERATION AND RETIREMENT BENEFITS | | |
| Income paid to any members of the Divisional Branch Management Committee "DBMC" by the union including salaries, termination payments, long service leave, motor vehicle benefits etc. | 1,718,625 | 1,955,815 |

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN DIVISIONAL BRANCH
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

14 REMUNERATION AND RETIREMENT BENEFITS (Cont'd)

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

| | | |
|---------------|--------------|----------------|
| Akbari F | Edwards R | Setka J |
| Berardi D | Hudson M | Savronidis C |
| Beattie B | Ioannidis A | Spemovasilis E |
| Berardi D | Littler A | Stephenson G |
| Bergic S | McLaughlin A | Stradjof F |
| Booth R | Neillson B | Theodorou |
| Christopher D | O'Grady F | Washington N |
| Cody M | Oliver W | Watson T |
| Cordier A | Perkovic J | Williams R |
| Doyle F | Reardon S | |
| Duggan J | Round P | |

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 86 employees (2008: 87)

15 CASH FLOW INFORMATION

(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:

| | 2009 \$ | 2008 \$ |
|---------------------|------------------|------------------|
| Cash on hand | 3,300 | 6,550 |
| Cash at bank | 639,340 | 3,697,124 |
| Short term deposits | 7,763,979 | 5,221,261 |
| | <u>8,406,619</u> | <u>8,924,935</u> |

(b) Reconciliation of cash flow from operations surplus (deficit)

| | | |
|---|------------------|------------------|
| Net surplus/(deficit) | 1,705,995 | (71,208) |
| Depreciation | 808,937 | 833,072 |
| Net deficit on disposal of property plant & equipment | 132,935 | 161,623 |
| Net gain on sale of financial asset | (17,363) | |
| Unrealised loss on investments | 969,380 | 4,480,509 |
| Increase/(Decrease) in receivables | (329,465) | 577,995 |
| Increase/(Decrease) in payables | (526,964) | (244,521) |
| Decrease/(Increase) in inventories | 7,602 | 7,223 |
| Increase/Decrease in grant liability | (1,517,992) | 415,967 |
| Increase in provisions | 1,724,937 | 54,132 |
| Cash flows from operations | <u>2,958,002</u> | <u>6,214,792</u> |



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CFMEU CONSTRUCTION AND GENERAL DIVISION
- VICTORIA BRANCH**

Chartered Accountants
& Business Advisers

We have audited the accompanying financial report of CFMEU Construction and General Division - Victoria Branch which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Committee of Management Statement.

Office Holders' Responsibility for the Financial Report

The Office Holders are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Fair Work (Registered Organisations) Act 2009*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Office Holders, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of the CFMEU Construction and General Division - Victoria Branch as of 31 December 2009 and of its performance and its cash flows for the year ended on that date, and is in accordance with:

- a) Accounting Standards in Australia and the requirements of the Fair Work (Registered Organisations) Act 2009, Chapter 8, Part 3 - Accounts and Audit; and
- b) other mandatory financial reporting requirements in Australia.


PKF



J A Mooney
Partner
Registered Company Auditor # 311052

24 May 2010
Melbourne

Tel: 61 3 9603 1700 | Fax: 61 3 9602 3870 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

The PKF East Coast Practice is a member of the PKF International limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

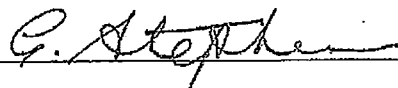
Liability limited by a scheme approved under Professional Standards Legislation.

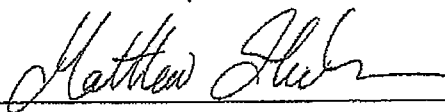
**Construction, Forestry, Mining and Energy Union
Construction and General Division
Victorian Divisional Branch**

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 31st December 2009:

- (a) *The financial report and notes for the financial year ended 31st December, 2009 comply with applicable accounting standards;*
- (b) *The financial report and notes for the financial year ended 31st December, 2009 comply with the reporting guidelines of Fair Work Australia;*
- (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 31st December, 2009;*
- (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 31st December, 2009 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 the Fair Work (Registered Organizations) Act 2009 and Fair Work (Registered Organizations) 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 organization; and*
 - (v) *no information has been sought, in any request of a member of the Union or the Manager of Fair Work Australia duly made under section 272 of the Fair Work (Registered Organizations) Act 2009 ; and*
 - (vi) *no orders have been made by the Manager of Fair Work Australia, in regard to inspection of financial records under section 273 of the Fair Work (Registered Organizations) Act 2009 during the year.*

For the Committee of Management:

1. 

2. 

11 January 2010

Mr Martin Kingham
Secretary, Victorian Branch, Construction & General Division
Construction, Forestry, Mining and Energy Union
2/500 Swanston Street
CARLTON SOUTH VIC 3053



Fair Work
Australia

Dear Mr Kingham

**Lodgment of Financial Statements and Accounts –
Victorian Branch, Construction & General Division - for year ended 31 December 2009 (FR2009/10234)**

The financial year of the Victorian Branch, Construction & General Division has recently ended. This is a courtesy letter to remind you of the obligation to prepare the reporting unit's financial documents and to lodge audited financial accounts and statements with Fair Work Australia within the prescribed time frame unless a 1 month extension or an application for a certificate of exemption under the *Fair Work (Registered Organisations) Act 2009* ('the RO Act') is applied for and granted.

The documents you must lodge include:

- (i) A *general purpose financial report* [see section 253(2)]; (ii) A *Committee of Management statement* (see the General Manager's Reporting Guidelines); (iii) An *operating report* [see section 254(2)]; (iv) An *auditor's report* [see sections 257(5) to 257(11)]; and (v) A *certificate* of the *secretary or other designated officer* [see section 268(c)].

I draw your particular attention to

- (a) s237 which requires you to prepare and lodge *a separate statement* providing the prescribed particulars of any loan, grant or donation made during the year which exceeds \$1,000;
- (b) s265(5) which requires you to publish or otherwise *provide your members with completed/signed copies* of the audited accounts, report and statements before final presentation and lodgment; and
- (c) s266 which requires you to *present the completed documents to an eligible meeting* (either of the members or of the committee, whichever applies). Note that this meeting is distinct from any initial committee meeting convened to prepare, sign or otherwise approve pre-audited documents.

Relevant references may be found at <http://www.fwa.gov.au/index.cfm?pagename=regorgsfrguidelines> and <http://www.fwa.gov.au/index.cfm?pagename=legislationfwroact>. If you are in any doubt as to the requirements or wish to clarify any aspect of the relevant legislation, or anticipate any difficulty in complying with the requirements, do not hesitate to contact Fair Work Australia.

Yours sincerely,

Stephen Kellett
Statutory Services Branch

Fair Work Australia
Level 8, 80 William Street
EAST SYDNEY NSW 2011

Telephone: (02) 8374 6666/ Mobile :
0429 462 979
Facsimile: (02)9380 6990
Email : stephen.kellett@fwa.gov.au
Internet : www.fwa.gov.au