



FAIR WORK  
AUSTRALIA

6 July 2011

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 (FR2010/2836)**

Thank you for lodging the abovementioned financial accounts and statements which were received by Fair Work Australia on 27 June 2011.

The documents have been filed but I draw your attention to Note 3 on page 12 which itemizes an amount of \$134,196 for Donations. If this amount included any individual donation exceeding \$1,000, you must lodge a separate statement showing the prescribed particulars pursuant to section 237 at your earliest opportunity

Yours sincerely,

Stephen Kellett  
Statutory Services Branch  
Fair Work Australia

FR2010/2836



22<sup>ND</sup> of June, 2011

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, 2010

Accounts for Construction, Forestry, Mining and Energy Union  
Construction and General Division Victorian Branch

Please find attached our financial accounts for the year ended 31  
December, 2010 passed by our Divisional Branch Management  
Committee on Tuesday the 21<sup>st</sup> of June, 2011.

These accounts were published on our website

[www.cfmeuvic.com.au](http://www.cfmeuvic.com.au)

on the 25<sup>th</sup> of May, 2011.

Should you need any further information please contact Edith  
Harris on 03 9341 3456 or [edithh@vic.cfmeu.asn.au](mailto:edithh@vic.cfmeu.asn.au).

Yours Faithfully

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

VICTORIAN  
DIVISIONAL BRANCH  
500 SWANSTON STREET  
CARLTON STH, VIC 3053  
ABN: 74 392 029 244  
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, 2010 are:

- copies of the documents provided to members on our website([www.cfmeuvic.com.au](http://www.cfmeuvic.com.au)) on the 25<sup>th</sup> of May, 2011

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 21<sup>st</sup> of June, 2011.

Ralph Edwards  
President  
CFMEU Construction and General Division (Victorian Divisional Branch)

VICTORIAN DIVISIONAL  
BRANCH  
500 SWANSTON STREET  
CARLTON STH, VIC 3053

ABN 74 392 029 244  
PH: (03) 9341 3444  
FAX: (03) 9341 3427

Date: 20.6.11

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

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN DIVISIONAL BRANCH**  
**OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

## **Operating Report**

### **Introduction**

In 2010 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 remains 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 \$888,849 for the year ended 31<sup>st</sup> December 2010. In the 2009 financial year; the Union's operations resulted in a surplus of \$1,705,995.

The investments of the Union are handled by the Investment Committee which is made up of office holders taking advice from professional investment advisers. Investment in property has increased during the year and investment in CDO's has decreased. The global financial crisis had a negative effect on some of the Union's held to maturity investments, mainly in the form of CDO and therefore the investment committee decided to dispose of most CDO's to mitigate losses. The Investment Committee will continue to monitor the Union's investments and seek professional advice in regard to further investment decisions.

An independent valuation of land and building was conducted during the year and gains on investment properties are shown at Note 2.

### **Number of Employees**

The union had 89 (2009: 88) employees.

### **Number of Members**

The number of members for the year ended 31 December 2010 was 23,585 (2009: 20,992).

### **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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN DIVISIONAL BRANCH  
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

**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 2010 to 31 December 2010
Berardi D	1 January 2010 to 31 December 2010
Beattie B	1 January 2010 to 31 December 2010
Bergic S	1 January 2010 to 31 December 2010
Booth R	1 January 2010 to 31 December 2010
Christopher D	1 January 2010 to 31 December 2010
Cody M	1 January 2010 to 31 December 2010
Cordier A	1 January 2010 to 31 December 2010
Doyle F	1 January 2010 to 31 December 2010
Duggan J	1 January 2010 to 31 December 2010
Edwards R	1 January 2010 to 31 December 2010
Hudson M	1 January 2010 to 23 August 2010
Ioannidis A	1 January 2010 to 31 December 2010
Littler A	1 January 2010 to 31 December 2010
McLaughlin A	1 January 2010 to 31 December 2010
Neilson B	1 January 2010 to 31 December 2010
O'Grady F	1 January 2010 to 9 July 2010
Oliver W	1 January 2010 to 31 December 2010
Perkovic J	1 January 2010 to 31 December 2010
Reardon S	1 January 2010 to 31 December 2010
Round P	1 January 2010 to 31 December 2010
Setka J	1 January 2010 to 31 December 2010
Savronidis C	1 January 2010 to 31 December 2010
Spernovasilis E	1 January 2010 to 31 December 2010
Stephenson G	1 January 2010 to 31 December 2010
Stradjot F	1 January 2010 to 31 December 2010
Theodorou T.	1 January 2010 to 31 December 2010
Washington N	1 January 2010 to 31 December 2010
Watson T	1 January 2010 to 31 December 2010
Williams R	1 January 2010 to 31 December 2010

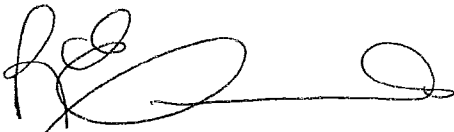
*Booth R.*

*Stradjot F.*

**Signed**

For and on behalf of the Divisional Branch Management Committee

Date 13.5.11



**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 2010**

	Note	2010 \$	2009 \$
Revenue	2	22,268,003	20,210,327
Less expenses			
Office and administration		2,618,965	1,409,090
Capitation, affiliation, and amalgamation		1,439,185	1,242,643
Depreciation	3	866,091	808,937
Direct employee benefits – office holders		2,858,217	3,104,753
Direct employee benefits – office employees		6,054,925	5,188,547
Employee related costs		1,451,741	1,440,598
Occupancy		875,619	710,262
Organisers, conference and consultancy expenses		3,203,528	3,333,073
Journal costs		216,303	159,610
Loss on disposal of plant and equipment		128,167	137,439
Loss on disposal of financial assets		1,666,413	-
Impairment to held to maturity investments		-	969,380
		21,379,154	18,504,332
<b>Net Surplus</b>		<b>888,849</b>	<b>1,705,995</b>
<b>Other Comprehensive Income</b>			
Net fair value gain on available for sale financial assets		17,842	245,936
Revaluation increment on land and buildings		265,793	-
Write back to profit/loss upon sale of available for sale financial asset		(30,469)	-
<b>Total comprehensive income for the year</b>		<b>1,142,015</b>	<b>1,951,931</b>

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 2010**

	Note	2010 \$	2009 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	5,539,014	8,406,619
Trade and other receivables	5	1,715,071	1,556,349
Inventories		50,607	26,795
Other financial assets	6	10,532,697	6,172,511
		<u>17,837,389</u>	<u>16,162,274</u>
<b>NON-CURRENT ASSETS</b>			
Investment properties	7	4,691,250	4,240,000
Property, plant and equipment	8	25,196,033	15,365,489
Other financial assets	6	1,001,682	12,136,476
		<u>30,888,965</u>	<u>31,741,965</u>
<b>TOTAL ASSETS</b>		<u>48,726,354</u>	<u>47,904,239</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	807,068	1,358,200
Grant liability held	9	34,699	21,175
Provisions	10	5,066,066	4,848,357
<b>TOTAL LIABILITIES</b>		<u>5,907,833</u>	<u>6,227,732</u>
<b>NET ASSETS</b>		<u>42,818,521</u>	<u>41,676,507</u>
<b>MEMBERS' FUNDS</b>			
Accumulated Members Funds		40,055,408	39,166,559
Asset Revaluation Reserve		2,763,113	2,509,948
<b>TOTAL MEMBERS' FUNDS</b>		<u>42,818,521</u>	<u>41,676,507</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 2010**

	<b>Accumulated Members Funds \$</b>	<b>Asset Revaluation Reserve \$</b>	<b>Available for Sale Financial Assets Reserve \$</b>	<b>Total \$</b>
Balance at 1 January 2009	37,460,564	2,264,012	-	39,724,576
Net fair value gain on available for sale assets		-	245,936	245,936
Deficit for the year	1,705,995	-	-	1,705,995
Balance at 31 December 2009	39,166,559	2,264,012	245,936	41,676,507
Surplus for the year	888,849		-	888,849
Revaluation increment of land and buildings	-	265,792	265,792	265,792
Net fair value gain on available for sale assets	-	-	17,842	17,842
Write back to profit/loss upon sale of available for sale financial asset	-	-	(30,469)	(30,469)
Balance at 31 December 2010	40,055,408	2,529,804	233,309	42,818,521

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 2010**

	Note	2010 \$	2009 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from members		12,871,397	11,577,126
Operating grant receipts		7,586,801	6,617,396
Rent received		77,914	72,850
Receipts from sale of publications		65,931	99,400
Interest received		1,140,461	1,163,545
Payments to suppliers and employees		(18,095,438)	(15,653,972)
Payments – CFMEU – C&G National Office		(1,051,229)	(918,343)
Net cash provided by operating activities	16(b)	<u>2,595,837</u>	<u>2,958,002</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(10,673,920)	(2,663,888)
Proceeds from sale of property, plant and equipment		114,911	187,909
Proceeds from matured investments		7,338,567	2,239,661
Payment for investments		(2,243,000)	(3,240,000)
Net cash used in investing activities		<u>(5,463,442)</u>	<u>(3,476,318)</u>
Net increase/(decrease) in cash held		(2,867,605)	(518,316)
Cash and cash equivalents at beginning of financial year		8,406,619	8,924,935
Cash and cash equivalents at end of financial year	16(a)	<u>5,539,014</u>	<u>8,406,619</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 2010**

**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 2010. The CFMEU Construction and General Division Victorian Divisional 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 Union'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 2010**

**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 2010**

**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 2010**

**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 2010**

**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.

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 2010. 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

**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 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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN DIVISIONAL BRANCH**  
**NOTES TO FINANCIAL STATEMENT**

	2010	2009
	\$	\$
<b>2 REVENUE</b>		
<b>Operating Activities</b>		
Membership subscriptions	11,831,830	10,988,166
Interest received	1,132,913	1,143,429
Grant income	7,586,801	6,610,521
Rental income from investment properties	77,914	72,850
Training fees received	616,174	620,194
EBA processing fee	172,761	383,675
Gain on revaluation of investment properties	451,250	17,363
Other revenue	398,360	374,129
	<u>22,268,003</u>	<u>20,210,327</u>
<b>3 ITEMS INCLUDED IN SURPLUS</b>		
Surplus has been determined after charging as expenses:		
Depreciation of property, plant and equipment	866,091	808,937
Affiliation fees	265,726	251,414
Direct operating expense related to investment properties	62,652	89,096
Capitation fees – CFMEU – C&G National Office	1,173,459	991,230
Donations	134,196	30,407
Legal fees	1,749,830	2,389,082
Consultancy fees	211,037	200,107
Loss on disposal of non-current assets	128,167	132,935
Proceeds from sale of plant and equipment	114,911	187,909
<b>Remuneration of the auditors:</b>		
PKF -- audit of financial report		
Current year	39,500	40,000
Prior year	13,920	7,864
PKF – grant and other audits	9,100	6,670
	<u>62,520</u>	<u>54,534</u>
Total Employee Benefits excluding superannuation	7,508,651	7,159,110
Total superannuation	1,404,491	1,134,190
	<u>8,913,142</u>	<u>8,293,300</u>
<b>4 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	3,400	3,300
Cash at bank	749,703	639,340
Short term deposits	4,785,911	7,763,979
	<u>5,539,014</u>	<u>8,406,619</u>
<b>5 TRADE AND OTHER RECEIVABLES</b>		
Other debtors	395,546	354,814
Accrued income	780,592	733,549
Prepayment	538,933	467,986
	<u>1,715,071</u>	<u>1,556,349</u>

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.



**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION  
VICTORIAN DIVISIONAL BRANCH  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 \$	2009 \$
<b>6 OTHER FINANCIAL ASSETS</b>		
<b>Current</b>		
Available for sale investments at fair value	1,732,697	1,247,430
Held to maturity term deposit	4,500,000	3,000,000
Held to maturity investments at amortised cost	4,300,000	2,500,000
Allowance for impairment of held to maturity investments	-	(574,919)
	10,532,697	6,172,511
<b>Non current</b>		
Unlisted trusts at cost	1,682	1,682
Held to maturity investments at amortised cost	3,000,000	16,300,000
Allowance for impairment of held to maturity investments	(2,000,000)	(4,165,206)
	1,000,000	12,134,794
	1,001,682	12,136,476
<b>7 INVESTMENT PROPERTIES</b>		
Land and buildings		
Freehold land at fair value	4,325,000	3,850,000
	4,325,000	3,850,000
Buildings at fair value	366,250	390,000
	366,250	390,000
<b>TOTAL LAND AND BUILDINGS</b>	4,691,250	4,240,000
<b>TOTAL INVESTMENTS PROPERTIES</b>	4,691,250	4,240,000

**Revaluation of freehold land and freehold buildings**

The Union engages independent valuer, Charter Keck Cramer, to determine the fair value of its freehold land and buildings. Fair value is the amount for which the asset would be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in arm's length transaction as the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Union, and to market based yields for comparable properties. The effective date of the revaluation was 7 May 2010.

**Movements in Carrying amounts**

Movements in the carrying amounts of each class of investment properties between the beginning and the end of the current financial year.

	Land	Buildings	TOTAL
<b>2010</b>			
Balance at beginning of the year	3,850,000	390,000	4,240,000
Additions	-	-	-
Disposals	-	-	-
Fair value adjustment	475,000	(23,750)	451,250
Carrying amount at the end of the year	4,325,000	366,250	4,691,250

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN DIVISIONAL BRANCH**  
**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**7 INVESTMENT PROPERTIES (Continued)**

<b>2009</b>	<b>Land</b>	<b>Buildings</b>	<b>TOTAL</b>
Balance at beginning of the year	3,850,000	390,000	4,240,000
Additions	-	-	-
Disposals	-	-	-
Fair value adjustment	-	-	-
Carrying amount at the end of the year	<u>3,850,000</u>	<u>390,000</u>	<u>4,240,000</u>

**8 PROPERTY, PLANT AND EQUIPMENT**

Land and buildings		
Freehold land at fair value	<u>15,035,920</u>	<u>7,142,903</u>
	<u>15,035,920</u>	<u>7,142,903</u>
Buildings at fair value	6,023,587	3,834,079
Less: Accumulated depreciation	<u>(99,107)</u>	<u>(240,522)</u>
	<u>5,924,480</u>	<u>3,593,557</u>
Improvements at costs	1,074,733	1,759,897
Less: Accumulated depreciation	<u>(30,767)</u>	<u>(105,601)</u>
	<u>1,043,966</u>	<u>1,654,296</u>
<b>TOTAL LAND AND BUILDINGS</b>	<u>22,004,366</u>	<u>12,390,756</u>

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

The independent revaluations dated 7<sup>th</sup> of May, 2010 were carried out by Certified Practising Valuer, Charter Keck Cramer. The valuations were 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.

**Valuations**

(a) Plant and equipment	512,988	504,769
Less: Accumulated depreciation	<u>(303,862)</u>	<u>(267,506)</u>
	<u>209,126</u>	<u>237,263</u>
(b) Training equipment	1,211,427	662,078
Less: Accumulated depreciation	<u>(345,084)</u>	<u>(190,364)</u>
	<u>866,343</u>	<u>471,714</u>
(c) Computer equipment	1,133,391	1,072,786
Less: Accumulated depreciation	<u>(974,850)</u>	<u>(885,627)</u>
	158,541	187,159
(d) Furniture and fittings	814,956	812,818
Less: Accumulated depreciation	<u>(388,522)</u>	<u>(309,174)</u>
	426,434	503,644
(e) Motor vehicles at cost	2,322,619	2,280,901
Less: Accumulated depreciation	<u>(791,396)</u>	<u>(705,948)</u>
	<u>1,531,223</u>	<u>1,574,953</u>
<b>TOTAL PLANT AND EQUIPMENT</b>	<u>3,191,667</u>	<u>2,974,733</u>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<u>25,196,033</u>	<u>15,365,489</u>

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION**  
**CONSTRUCTION AND GENERAL DIVISION**  
**VICTORIAN DIVISIONAL BRANCH**  
**NOTES TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**8 PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Movements in Carrying amounts**

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

<b>2010</b>	<b>Land &amp; Buildings</b>	<b>Improvements</b>	<b>Plant &amp; Equipment</b>	<b>Training Equipment</b>
Balance at beginning of the year	10,736,460	1,654,296	237,263	471,714
Additions	9,479,151	30,647	8,219	557,050
Disposals	-	-	-	-
Revaluations	874,968	(604,972)	-	(4,204)
Depreciation expense	(130,179)	(36,005)	(36,356)	(158,217)
Carrying amount at the end of the year	<u>20,960,400</u>	<u>1,043,966</u>	<u>209,126</u>	<u>866,343</u>
	<b>Motor Vehicles</b>	<b>Furniture &amp; Fittings</b>	<b>Computer Equipment</b>	<b>Total</b>
Balance at beginning of the year	1,574,953	503,644	187,159	15,365,489
Additions	536,110	2,138	60,605	10,673,920
Disposals	(243,077)	-	-	(243,077)
Revaluations	-	-	-	265,792
Depreciation expense	(336,763)	(79,348)	(89,223)	(866,091)
Carrying amount at the end of the year	<u>1,531,223</u>	<u>426,434</u>	<u>158,541</u>	<u>25,196,033</u>
<b>2009</b>	<b>Land &amp; Buildings</b>	<b>Improvements</b>	<b>Plant &amp; Equipment</b>	<b>Training Equipment</b>
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	<u>10,736,460</u>	<u>1,654,296</u>	<u>237,263</u>	<u>471,714</u>
	<b>Motor Vehicles</b>	<b>Furniture &amp; Fittings</b>	<b>Computer Equipment</b>	<b>Total</b>
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	<u>1,574,953</u>	<u>503,644</u>	<u>187,159</u>	<u>15,365,489</u>



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

Chartered Accountants  
& Business Advisers

We have audited the accompanying financial report of the CFMEU Construction and General Division – Victorian Divisional Branch, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Committee of Management Statement.

*Office Holders' Responsibility for the Financial Report*

The office holders are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* and for such internal control as the office holders determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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.

*Opinion*

In our opinion, the financial report presents fairly, in all material respects, the financial position of the CFMEU Construction and General Division - Victorian Divisional Branch as of 31 December 2010 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  
13 May 2011  
Melbourne

J A Mooney  
Partner  
Registered Company Auditor # 311052

Tel: 61 3 9603 1700 | Fax: 61 3 9602 3870 | [www.pkf.com.au](http://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.

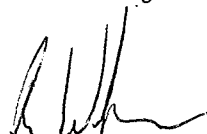
Liability limited by a scheme approved under Professional Standards Legislation.

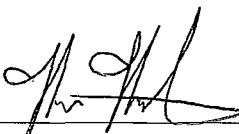
**Construction, Forestry, Mining and Energy Union  
Construction and General Division  
Victorian Divisional Branch**

*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 31<sup>st</sup> December 2010:*

- (a) *The financial report and notes for the financial year ended 31<sup>st</sup> December, 2010 comply with applicable accounting standards;*
- (b) *The financial report and notes for the financial year ended 31<sup>st</sup> December, 2010 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 31<sup>st</sup> December, 2010;*
- (d) *There are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and*
- (e) *During the financial year ended 31<sup>st</sup> December, 2010 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 2010 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 2010 ; 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 2010 during the year.*

*For the Committee of Management:*

1.   
\_\_\_\_\_

2.   
\_\_\_\_\_

*Date: 22<sup>nd</sup> of March, 2011*



FAIR WORK  
AUSTRALIA

11 January 2011

Mr Martin Kingham  
Branch Secretary  
Construction, Forestry, Mining and Energy Union - Construction and General Division,  
Victorian Building Unions Divisional Branch  
Fax (03) 9341 3427

Dear Mr Kingham,

**Lodgement of Financial Documents for year ended 31 December 2010 [FR2010/2836]  
Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Construction, Forestry, Mining and Energy Union-Construction and General Division, Victorian Building Unions Divisional Branch (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within a period of 6 months and 14 days of the end of the financial year.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements, but I also describe the sequence here.

When the accounts have been prepared ready for the auditor, you or other officers of the Committee of Management must complete, sign and date a "Committee of Management Statement". This Statement effectively approves the accounts for audit and is usually completed at a "first" Committee meeting.

When the auditor has completed his or her audit, he or she must sign and date the "Auditor's Report". The signing and dating of the Auditor's Report may coincide with the date of the "first" Committee Meeting.

Only when the Auditor's Report has been signed and dated is the financial report ready for distribution or publication for the members. This is because the members must be able to see that the report has been audited.

The final event is a formal presentation of the financial report to a "second" meeting. This can be a general meeting of the members, or a separate meeting of the Committee. A general meeting of the members is the default format unless your rules provide for members to petition a special general meeting to consider the report, in which case you can avail itself of the convenience of a Committee meeting instead (see s266).

If you intend to present the report to a general meeting, you must not hold the meeting until at least 21 days have elapsed since distributing or publishing the report to your members. (see s265(5)) If you intend and are permitted to present the report to a Committee meeting, this can be held at any time after the Auditor has signed his report. But this must be a "second" Committee meeting, separate from that at which the various documents were originally signed.

The documents must be lodged within 14 days of the "second" meeting. Your Certificate should provide the date the report was distributed/made available to the members and the date of presentation to the "second" meeting. This will enable Fair Work Australia to be satisfied that you have complied with the relevant sections of the Act

For additional information, if you need it, financial reporting fact sheets and sample documents can be found on our Fair Work Australia website ([www.fwa.gov.au](http://www.fwa.gov.au)). You will find that the legislative requirements remain largely unchanged to that of the former requirements under Schedule 1 of the Workplace Relations Act 1996. The information can be viewed at [FWA Registered Organisations Fact Sheets](#)

This office encourages you to lodge all financial reports electronically (e.g. as pdf files) at [RIASydney@fwa.gov.au](mailto:RIASydney@fwa.gov.au). Alternatively, you can forward the documents by fax to (02) 9380 6990 .

If you need any further information or if you believe you will be unable to lodge the full financial report within the period mentioned above please contact me on (02) 8374 6666 or by email at [RIASydney@fwa.gov.au](mailto:RIASydney@fwa.gov.au).

Yours sincerely,



Steve Teece  
Registered Organisations – New South Wales  
Fair Work Australia

**TIMELINE/ PLANNER**

Financial reporting period ending:	/ /
------------------------------------	-----

Prepare financial statements and Operating Report.
--

(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /
(b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	/ /

*As soon as practicable after end of financial year*

Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /
---	-----

*Within a reasonable time of having received the GPFR  
(NB: Auditor's report must be dated on or after date of Committee of Management Statement)*

Provide full report free of charge to members – s265 The full report includes: <input type="checkbox"/> the General Purpose Financial Report (which includes the Committee of Management Statement); <input type="checkbox"/> the Auditor's Report; and <input type="checkbox"/> the Operating Report.	/ /
--	-----

*(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,  
  
or  
(b) in any other case including where the report is presented to a Committee of Management meeting\*, the report must be provided to members within 5 months of end of financial year.*

Present full report to:	/ /
(a) General Meeting of Members - s266 (1),(2); OR	/ /
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /

*Within 6 months of end of financial year*

---

*Within 6 months of end of financial year*

Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate** – s268	/ /
--	-----

*Within 14 days of meeting*

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

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

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