



4 August 2014

Mr Ralph Edwards
President

Construction, Forestry, Mining and Energy Union-Construction and General Division, Victoria-Tasmania Divisional Branch
via email: queries@vic.cfmeu.asn.au

cc: James Mooney, Partner, BDO East Coast Partnership

Dear Mr Edwards,

**Construction, Forestry, Mining and Energy Union-Construction and General Division,
Victoria-Tasmania Divisional Branch**

Financial Report for the year ended 31 December 2013 [FR2013/500]

I acknowledge receipt of the financial report of the Construction, Forestry, Mining and Energy Union-Construction and General Division, Victoria-Tasmania Divisional Branch. The documents were lodged with the Fair Work Commission on 20 June 2014.

The financial report has now been filed.

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

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

Changes to the Reporting Guidelines and model financial statements

A fourth edition of the General Manager's s.253 Reporting Guidelines was gazetted on 13 June 2014. These guidelines will apply to all financial reports that end on or after 30 June 2014. A model set of financial statements for the 2013-2014 financial year is also available on the Fair Work Commission website. The Fair Work Commission recommends reporting units use this model as it will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards.

The Reporting Guidelines and Model Financial Statements are available on the website here: <https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting>

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report. Please note that the references below to particular paragraphs of the Reporting Guidelines differ slightly in the fourth edition of the Guidelines.

Designated Officer's Certificate

Certificates to be signed and dated by designated officer

Each of the certificates and statements required by the RO Act must be signed and dated by a 'Designated Officer' – see s.243 of the RO Act. It is noted that the Designated Officer's Certificate has not been dated. In future please ensure that the appropriate officer both signs and dates this certificate before submitting to the Fair Work Commission.

Committee of Management Statement

Date of resolution

Paragraph 42 of the Reporting Guidelines (see Paragraph 36 of the fourth edition Guidelines) requires that the Committee of Management Statement be made in accordance with such resolution as is passed by the Committee of Management. The statement must also specify the date of passage of the resolution. The date of the resolution was not provided in the Committee of Management Statement. In future please ensure that the Statement includes the date of the resolution.

Operating Report

Review of principal activities

Section 254(2)(a) of the RO Act requires an Operating Report to contain a review of the principal activities of the reporting unit, the results of those activities and any significant changes in the nature of those activities. I note that the Operating Report lists some of the organisation's principal activities, but does not explain the results of these activities or whether there were any significant changes in the nature of these activities. Please note that s.254(2)(a) of the RO Act does not require a *financial* result nor significant *financial* changes. It requires a description of the results from providing services to members and a description of any changes to the nature of those activities.

These requirements are in addition to s.254(2)(b) of the RO Act which requires an Operating Report to give details of any significant changes in the reporting unit's financial affairs during the year.

Statement of comprehensive income & Statement of financial position

Disclosure of employee expenses and provisions to office holders and other employees

The Reporting Guidelines require reporting units to disclose in the Statement of Comprehensive Income or in the notes to the financial statements employee expenses relating to holders of office (Paragraph 17(f)) and other employees (Paragraph 17(g)). The Statement of Profit or Loss and Other Comprehensive Income discloses 'direct employee benefits' for office holders and other employees, and Note 3 discloses total superannuation and total employee benefits excluding superannuation, but the financial statements do not provide a breakdown of wages and salaries, superannuation, leave and other entitlements, separation and redundancies and other employee expenses relating to office holders and other employees respectively. Please note that Paragraph 18 requires that if any of the activities listed in Paragraph 17 have not occurred in the reporting period, a statement to this effect must be included in the financial statements (see Paragraphs 16(f), 16(g) and 17 of the fourth edition Guidelines).

The Reporting Guidelines also require either the Statement of Financial Position or the notes to disclose any liability for employee benefits in respect of office holders and other employees (Paragraphs 21(c) and 21 (d)). Note 10 discloses provisions for annual leave, long service leave and redundancies for office holders and other employees but does not disclose other employee provisions separately for office holders and other employees. Please note that Paragraph 22 requires that if any of the activities listed in Paragraph 21 have not occurred in the reporting period, a statement to this effect must be included in the financial statements (see Paragraphs 20(c), 20(d) and 21 of the fourth edition Guidelines).

Notes to the financial statements

General purpose financial report to be prepared on accrual basis

Section 252 of the RO Act places obligations upon reporting units to keep financial records. Under s.252(4) an organisation may *keep* the financial records for its membership subscriptions on a cash basis.

This is distinct from the obligation under s.253 to prepare a general purpose financial report (GPFR). Section 253 requires that ‘...a reporting unit must cause a general purpose financial report to be *prepared*, in accordance with the Australian Accounting Standards, from the financial records kept under subsection 252(1) in relation to the financial year...’. Paragraph 27 of Australian Accounting Standard *AASB101 Presentation of Financial Statements*, states that ‘an entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting’.

Note 1 I(i) to the financial statements states that ‘[r]evenue from membership is recognised on a cash basis.’ In future please ensure that membership subscriptions are brought to account on an accruals basis in accordance with the Australian Accounting Standards. It is further noted that this will result in a change of accounting policy that will need to be disclosed in accordance with AASB 108 (Accounting Policies, Changes in Accounting Estimates and Errors). You may need to discuss this with your auditor.

Key management personnel

Australian Accounting Standard *AASB 124 Related Party Disclosures* paragraph 17 requires the GPFR to disclose within the statements or the notes compensation paid to key management personnel.

This normally includes a listing of the key management personnel for the organisation, the total amount of compensation paid to all key management personnel, and then totals for each of the following categories:

- Short term employee benefits
- Post employment benefits
- Other long term employee benefits
- Termination benefits
- Any share based payments.

The definition for these categories can be found within accounting standard *AASB 119: Employee Benefits*.

Auditor’s report: declaration regarding going concern

Paragraph 45 of the Reporting Guidelines (see Paragraph 39 of the fourth edition Guidelines) requires an auditor to include in the auditor’s statement a declaration that as part of the audit of the financial statements they have concluded that management’s use of the going concern basis of accounting in the preparation of the reporting unit’s financial statements is appropriate. This declaration was not included in the auditor’s statement.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7942 or by email at rebecca.lee@fwc.gov.au.

Yours sincerely,



Rebecca Lee
Regulatory Compliance Branch



18th of June, 2014

Attention: Robert Pfeiffer
Fair Work Commission
Level 8, Terrace Towers
80 William Street
East Sydney, NSW 2011



Dear Sir,

RE: Year ended 2013

ACCOUNTS FOR CONSTRUCTION, FORESTRY, MINING
AND ENERGY UNION-CONSTRUCTION AND GENERAL
DIVISION BRANCH, VICTORIA-TASMANIA DIVISIONAL
BRANCH

Please find attached our financial accounts for the year ended 31 December, 2013 passed by our Divisional Branch Management Committee on Tuesday the 20th of May, 2014.

These accounts were published on our website

www.cfmeu Vic.com.au

on the 21st of May, 2014.

The accounts were then represented to the Divisional Branch Management Committee on Tuesday the 17th of June.

Also attached is a required list of donations.

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

Yours faithfully

CFMEU
CONSTRUCTION &
GENERAL
DIVISION,
VIC/TAS
DIVISIONAL
BRANCH

ABN 74 392 029 244
500 Swanston Street
Carlton South 3053
Ph 03 9341 3444 Fax
03 9341 3427

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



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, 2013 are:

- Copies of the documents provided to members on our website (www.cfmeuvic.com.au) on the 21st of May, 2014.
- 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 17th of June, 2014

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

VIC/TAS DIVISIONAL
BRANCH
500 SWANSTON STREET
CARLTON STH, VIC 3053

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

Date:

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

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

Operating Report

Introduction

The Construction, Forestry, Mining & Energy Union Construction and General Division Victorian and Tasmanian Divisional Branch ("CFMEU") is committed to providing a broad range of services to members and defending members' rights in Victorian and now in Tasmania.

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 net surplus of \$8,004,273 for the year ended 31 December 2013 (2012:\$3,829,561).

The investments of the Union are handled by the Investment Committee which is made up of Officers and Trustees taking advice from professional investment advisers. The investment committee increased investment holdings by \$2,000,000 in line with external investment advice during the year. The properties on Lygon Street and Orr Street were sold in December. The Investment Committee will continue to monitor the Union's investments.

Number of Employees

The union had 96 (2012: 94) employees.

Number of Members

The number of members for the year ended 31 December 2013 was 24,459 (2012: 25,608)

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/TASMANIAN DIVISIONAL BRANCH
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

Operating Report (continued)

Office Holders

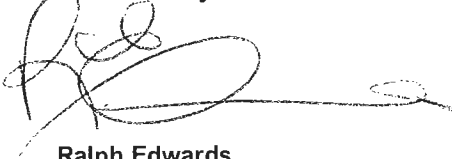
The names of the members of the Divisional Branch Management Committee "DBMC" during financial year were:

Akbari F	1 January 2013 to 31 December 2013
Berardi D	1 January 2013 to 31 December 2013
Beattie B	1 January 2013 to 31 December 2013
Bergic S	1 January 2013 to 31 December 2013
Booth P	1 January 2013 to 31 December 2013
Booth R	1 January 2013 to 31 December 2013
Christopher D	1 January 2013 to 31 December 2013
Cody M	1 January 2013 to 31 December 2013
Cordier A	1 January 2013 to 31 December 2013
Doyle F	1 January 2013 to 31 December 2013
Duggan J	1 January 2013 to 31 December 2013
Edwards R	1 January 2013 to 31 December 2013
Ioannidis A	1 January 2013 to 31 December 2013
Neilson B	1 January 2013 to 31 December 2013
Perkovic J	1 January 2013 to 31 December 2013
Reardon S	1 January 2013 to 31 December 2013
Round P	1 January 2013 to 31 December 2013
Setka J	1 January 2013 to 31 December 2013
Savronidis C	1 January 2013 to 31 December 2013
Spernovasilis E	1 January 2013 to 31 December 2013
Stephenson G	1 January 2013 to 31 December 2013
Stradjot F	1 January 2013 to 31 December 2013
Theodorou T	1 January 2013 to 31 December 2013
Washington N	1 January 2013 to 31 December 2013
Williams R	1 January 2013 to 31 December 2013

Signed

For and on behalf of the Divisional Branch Management Committee

Dated 20 May 2014



**Ralph Edwards
President**

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 \$	2012 \$
Revenue	2	31,301,554	28,120,696
Less expenses			
Office and administration		1,915,680	1,800,642
Capitation, affiliation, and amalgamation		1,860,954	1,610,557
Depreciation	3	1,243,610	1,331,806
Direct employee benefits – office holders		3,810,752	4,034,525
Direct employee benefits – office employees		7,401,471	7,203,521
Employee related costs		1,640,665	1,748,177
Occupancy		1,139,397	969,813
Organisers, conference and consultancy expenses		3,940,017	4,705,288
Journal costs		340,816	340,883
Loss on disposal of plant and equipment		-	194,882
Loss on disposal of investment properties		3,919	351,041
		23,297,281	24,291,135
Net Surplus		8,004,273	3,829,561
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Net fair value gain on available for sale financial assets		525,857	96,168
Total comprehensive income for the year		8,530,130	3,925,729

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes

THE CONSTRUCTION, FORESTRY & MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	18(a)	13,669,384	12,382,559
Trade and other receivables	5	2,243,628	2,201,324
Inventories		-	28,515
Other financial assets	6	27,803,349	16,635,355
		<u>43,716,361</u>	<u>31,247,753</u>
NON-CURRENT ASSETS			
Investment properties	7	1,100,000	3,273,648
Property, plant and equipment	8	25,603,097	26,611,612
Other financial assets	6	1,682	1,001,682
		<u>26,704,779</u>	<u>30,886,942</u>
TOTAL ASSETS		<u>70,421,140</u>	<u>62,134,695</u>
CURRENT LIABILITIES			
Trade and other payables	9	3,852,002	1,467,112
Provisions	10	7,117,527	8,736,089
TOTAL LIABILITIES		<u>10,969,529</u>	<u>10,203,201</u>
NET ASSETS		<u>59,451,611</u>	<u>51,931,494</u>
MEMBERS' FUNDS			
Accumulated Members Funds		56,672,932	48,668,659
Asset Revaluation Reserve		2,778,679	3,262,835
TOTAL MEMBERS' FUNDS		<u>59,451,611</u>	<u>51,931,494</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/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Accumulated Members Funds \$	Asset Revaluation Reserve (i) \$	Available for Sale Financial Assets Reserve (ii) \$	Total \$
Balance at 31 December 2011	44,248,885	2,085,690	(37,335)	46,297,240
Surplus for the year	3,829,561	-	-	3,829,561
Other Comprehensive income		1,671,190	133,503	1,804,693
Total comprehensive income	3,829,561	1,671,190	96,168	5,634,254
Transfer to / (from)	590,213	(590,213)	-	-
Balance at 31 December 2012	48,668,659	3,166,667	96,168	51,931,494
Surplus for the year	8,004,273	-	-	8,004,273
Other comprehensive income	-	-	525,857	525,857
Total comprehensive income	8,004,273	-	525,857	8,530,130
Revaluation previously recognised in equity transferred to profit or loss on disposal	-	(1,013,932)	3,919	(1,010,013)
Balance at 31 December 2013	56,672,932	2,152,735	625,944	59,451,611

- (i) The reserve is used to recognised increments in the fair value of land and buildings, excluding investment properties.
- (ii) The reserve is used to recognise increment and decrements in the fair value of available for sale financial assets.

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/TASMANIAN DIVISIONAL BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 \$	2012 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		20,623,486	20,812,076
Operating grant receipts		8,374,405	7,249,485
Rent received		42,339	105,349
Receipts from sale of publications		78,582	68,131
Interest received		1,181,353	1,283,033
Payments to suppliers and employees		(22,030,946)	(21,256,809)
Payments – CFMEU – C&G National Office		(1,721,003)	(1,100,743)
Net cash provided by operating activities	18(b)	6,548,216	7,160,522
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(2,089,027)	(829,705)
Proceeds from sale of property, plant and equipment		2,123,712	166,864
Proceeds from sale of investment properties		4,346,061	1,115,158
Proceeds from matured investments		1,345,000	1,048,959
Proceeds from business combinations		-	49,738
Payment for investments		(10,987,137)	(2,427,167)
Net cash used in investing activities		(5,261,391)	(876,153)
Net increase in cash held		1,286,825	6,284,369
Cash and cash equivalents at beginning of financial year		12,382,559	6,098,190
Cash and cash equivalents at end of financial year	18(a)	13,669,384	12,382,559

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/TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Note 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial report is for CFMEU Construction and General Division Victorian and Tasmanian Divisional Branch as an individual entity for the year ended 31 December 2013. The CFMEU 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 and 33A New Town Road New Town, Hobart for the Tasmanian division.

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 has 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.

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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Property, Plant and Equipment (cont'd)

(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 statement of profit or loss and other comprehensive income 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%
Improvements	15%
Plant and Equipment	7.5 – 22.5%
Motor Vehicles	22.5%
Furniture, Fixtures and Fittings	15 – 25%
Computer Equipment	20-40%

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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
CONSTRUCTION AND GENERAL DIVISION
VICTORIAN/TASMANIAN DIVISIONAL BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Other Financial Assets (cont'd)

(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.

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 sick leave, 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.

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Information to be Provided to Members or Registrar (cont'd)

(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.

L. New Accounting Standards and Interpretations

The Unions has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and affective for the current reporting period.

The adoption of these amendments has not resulted in any changes to the Union's accounting policies and have no affect on the amounts reported for the current or prior periods.

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
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	2013 \$	2012 \$
2 REVENUE		
Operating Activities		
Membership subscriptions	17,721,716	17,631,970
Interest received	1,159,052	1,265,223
Grant income	7,505,207	7,100,218
Rental income from investment properties	38,490	95,772
Training fees received	372,598	486,806
EBA processing fee	181,361	434,449
Gain on revaluation of investment properties	-	33,888
Gain on disposal of financial assets	-	57,777
Gain on Tasmanian Divisional Branch merger	-	322,266
Gain on disposal of investment properties	2,181,734	-
Gain on disposal of property, plant and equipment	1,274,391	-
Other revenue	867,005	692,327
	<u>31,301,554</u>	<u>28,120,696</u>
3 ITEMS INCLUDED IN SURPLUS		
Surplus has been determined after charging as expenses:		
Depreciation of property, plant and equipment	1,243,610	1,331,806
Affiliation fees	303,884	289,647
Direct operating expense related to investment properties	105,718	51,507
Capitation fees – CFMEU – C&G National Office	1,557,071	1,320,909
Donations	51,879	51,900
Legal fees	2,059,285	3,177,825
Consultancy fees	114,858	80,094
Loss on disposal of non-current assets	-	194,882
Proceeds from sale of plant and equipment	6,469,773	166,864
Remuneration of the auditors:		
Audit of financial report		
BDO - Current year	48,500	46,200
BDO - Prior year account assistance	3,600	3,000
BDO - grant and other audits	13,100	13,000
MC Watts	-	2,000
	<u>65,200</u>	<u>64,200</u>
Total employee benefits excluding superannuation	9,916,770	9,383,230
Total superannuation	886,972	1,124,000
	<u>10,803,742</u>	<u>10,507,230</u>
4 BUSINESS COMBINATION		

On 5 July 2012, the CFMEU Construction & General Division- Victorian Divisional Branch merged the Tasmania Divisional Branch to become The Construction, Forestry, Mining & Energy Union Construction and General Division Victoria and Tasmanian Divisional Branch. The Tasmania Divisional Branch's net tangible assets of \$322,266 were transferred to the Victorian Branch for nil consideration on the day of the merger.

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
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	2013 \$	2012 \$
5 TRADE AND OTHER RECEIVABLES		
Other debtors	614,587	248,959
Accrued income	1,043,073	1,208,795
Prepayment	585,968	743,570
	2,243,628	2,201,324

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 that these balances will be received when due.

6 OTHER FINANCIAL ASSETS

Current

Available for sale investments at fair value	5,303,349	2,635,355
Held to maturity term deposit	22,500,000	14,000,000
	27,803,349	16,635,355

Non Current

Unlisted trusts at cost	1,682	1,682
Held to maturity investments at amortised cost	2,000,000	3,000,000
Allowance for impairment of held to maturity investments	(2,000,000)	(2,000,000)
	-	1,000,000
	1,682	1,001,682

7 INVESTMENT PROPERTIES

Freehold land at fair value	1,100,000	2,810,000
Building at fair value	-	463,648
	1,100,000	3,273,648

Fair value 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 31 December, 2012. Refer to Note 15 for further details.

Movement 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	Building	Total
2013			
Carrying amount at the beginning of the year	2,810,000	463,648	3,273,648
Disposals	(1,710,000)	(463,648)	(2,173,648)
Carrying amount at the end of the year	1,100,000	-	1,100,000
2012			
Carrying amount at the beginning of the year	4,325,000	335,000	4,660,000
Fair value adjustment	(115,000)	128,648	13,648
Disposals	(1,400,000)	-	(1,400,000)
Carrying amount at the end of the year	2,810,000	463,648	3,273,648

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	2013	2012
	\$	\$
8 PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at fair value	13,739,625	15,439,625
	<u>13,739,625</u>	<u>15,439,625</u>
Buildings at fair value	6,676,774	6,676,774
Less: Accumulated depreciation	(177,273)	(2,500)
	<u>6,499,501</u>	<u>6,674,274</u>
Improvement at cost	1,348,835	38,778
Less: Accumulated depreciation	(33,654)	(6,711)
	<u>1,315,181</u>	<u>32,067</u>
Total land and buildings	<u><u>21,554,307</u></u>	<u><u>22,145,966</u></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 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. The effective date of the revaluation was 31 December, 2012. Refer to Note 15 for further details.		
Plant and Equipment		
Plant and equipment	518,288	531,542
Less: Accumulated depreciation	(374,499)	(358,381)
	<u>143,789</u>	<u>173,161</u>
Training equipment	4,059,833	3,933,128
Less: Accumulated depreciation	(2,072,299)	(1,531,414)
	<u>1,987,534</u>	<u>2,401,714</u>
Computer equipment	897,634	1,121,536
Less: Accumulated depreciation	(755,364)	(958,932)
	<u>142,270</u>	<u>162,604</u>
Furniture and fittings	843,118	822,764
Less: Accumulated depreciation	(561,503)	(513,008)
	<u>281,615</u>	<u>309,756</u>
Motor vehicles	2,491,753	2,239,365
Less: Accumulated depreciation	(998,171)	(820,954)
	<u>1,493,582</u>	<u>1,418,411</u>
Total plant and equipment	<u><u>4,048,790</u></u>	<u><u>4,465,646</u></u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u><u>25,603,097</u></u>	<u><u>26,611,612</u></u>

THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
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8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Movement in carrying amounts

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

2013

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the year	22,113,899	32,067	173,161	2,401,714
Additions	-	1,318,177	-	144,612
Disposals	(1,690,678)	(926)	(3,571)	(11,517)
Depreciation expense	(184,095)	(34,137)	(25,801)	(547,275)
Carrying amount at the end of the year	20,239,126	1,315,181	143,789	1,987,534

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	1,418,411	309,756	162,604	26,611,612
Additions	546,015	21,360	58,863	2,089,027
Disposals	(142,809)	(252)	(4,179)	(1,853,932)
Depreciation expense	(328,035)	(49,249)	(75,018)	(1,243,610)
Carrying amount at the end of the year	1,493,582	281,615	142,270	25,603,097

2012

	Land and buildings	Improvements	Plant and equipment	Training equipment
Carrying amount at the beginning of the year	19,255,170	1,003,097	208,583	2,831,666
Additions	-	82,357	3,385	247,153
Acquisition through business combinations	350,000	-	-	-
Disposals	-	(42,557)	(8,146)	-
Revaluation	2,655,195	(984,005)	-	-
Depreciation expense	(146,466)	(26,825)	(30,661)	(677,105)
Carrying amount at the end of the year	22,113,899	32,067	173,161	2,401,714

	Motor vehicles	Furniture and fittings	Computer equipment	Total
Carrying amount at the beginning of the year	1,633,186	364,832	125,770	25,422,304
Additions	387,389	1,977	111,962	834,223
Acquisition through business combinations	21,589	-	5,857	377,446
Disposals	(311,042)	-	-	(361,745)
Revaluation	-	-	-	1,671,190
Depreciation expense	(312,711)	(57,053)	(80,985)	(1,331,806)
Carrying amount at the end of the year	1,418,411	309,756	162,604	26,611,612

**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
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	2013 \$	2012 \$
9 PAYABLES		
Trade creditors	559,643	147,981
Sundry creditors and accruals	375,930	597,321
GST payables	1,362,272	721,810
Accrued legal expenses	1,554,157	-
	3,852,002	1,467,112

The carrying amount of accounts payable approximates fair value.

10 PROVISIONS

Provision for employee entitlements		
Provision for annual leave – Office Holders	604,798	575,905
Provision for annual leave – Other Employees	1,067,554	917,578
Provision for sick leave	249,450	260,000
Provision for long service leave – Office Holders	610,464	367,879
Provision for long service leave – Other Employees	1,069,974	1,177,864
Provision for redundancy – Office Holders	1,540,387	1,253,907
Provision for redundancy – Other Employees	1,974,900	2,182,956
	7,117,527	6,736,089

Provision for legal settlement	-	2,000,000
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TOTAL PROVISIONS	7,117,527	8,736,089
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Movement in carrying amount of provision for legal settlement		
Opening balance	2,000,000	85,000
Additional provision made	-	2,000,000
Amount paid / payable	(2,000,000)	(85,000)
Closing balance	-	2,000,000

11 RELATED PARTY TRANSACTIONS

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

2. Building Industry 2000 Plus Pty Ltd

Sale of Union Logoed merchandise to related party	129,599	-
Commission received from related party for sale of Merchandise	8,236	-
	137,835	-

Building Industry 2000 Plus Pty Ltd is a public company limited by guarantee of which two current DBMC officials (Mr Ralph Edwards and Mr John Setka) are acting in the capacity of directors as well as being members of the company. Building Industry 2000 Plus Pty Ltd is currently selling Union logoed merchandise. Transactions occurring during the year were in relation to payment to the union to purchase all the union's merchandise, as well as a monthly commission for administrative services provided by the union to manage the sale of inventories on behalf of Building Industry 2000 Plus Pty Ltd. The commission is calculated based on 10% of monthly sales.

12 EVENTS SUBSEQUENT TO BALANCE DATE

1. On 13 December 2013, The Union has entered into a contract of sale for a mobile crane for \$599,000 exclusive of GST. The crane is yet to be delivered at the time of signing of the financial report.

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12 EVENTS SUBSEQUENT TO BALANCE DATE (CONT'D)

2. On 31 March 2014, CFMEU, was fined \$1.25 million for its role in stopping work at Grocon's Emporium project in central Melbourne. Supreme Court Justice Anthony Cavanough also ordered CFMEU to pay Grocon's court costs. An appeal has been filed but hearing date is yet to be set. An accrued legal expense was taken up for this amount as disclosed in Note 9. In addition, CFMEU was ordered to pay Grocon's legal costs in relation to the proceedings. The potential liability can not be reliably measured at the time of signing of the financial report.
3. As noted in prior years, 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.

13 CONTINGENT LIABILITY

1. As noted in prior year accounts, in September 2013, Grocon Pty Ltd has filed a Supreme Court damages claim seeking to recover from the union losses which it alleges amount to about \$10.5 million. The claim is on-going and it is not practical to estimate the potential effect of this claim.
2. The Federal court case brought on by FWBC for coercion charges in relation to the Grocon dispute is listed for trial in August 2014. At this stage, it is not practical to estimate the potential financial effect of the charges.
3. A default judgement was handed down to Boral Limited in relation to damage claim brought on by the company against CFMEU. The union is currently applying to have the judgement set aside and it is not practical to estimate the potential effect of this claim.

2013 **2012**
\$ \$

14 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 reviews and manages the policies and risks facing the Union, including review of policies for trading in investments, proportions of investments held and future cash flow forecast projections.

Risk Exposures and Response

Financial assets

Cash and cash equivalents	13,669,384	12,382,559
Trade and other receivables	2,243,628	2,201,324
Held to maturity term deposits	22,500,000	14,000,000
Unlisted trusts at cost	1,682	1,682
Available for sale investments at fair value	5,303,349	2,635,355
Held to maturity investment at amortised costs	-	1,000,000
Total financial assets	43,718,043	32,220,920

Financial Liabilities

Trade and other payables	3,852,002	1,467,112
Total financial liabilities	3,852,002	1,467,112

Net exposure	39,866,041	30,753,808
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**THE CONSTRUCTION, FORESTRY, MINING & ENERGY UNION
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	2013	2012
	\$	\$

14 FINANCIAL INSTRUMENTS (CONT'D)

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 Union's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equals 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.

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.

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
	\$	\$	\$	\$	\$	\$	%
2013							
Financial assets							
Cash	13,665,304	-	-	-	4,080	13,669,384	3.00
Trade and other receivables	-	-	-	-	2,243,628	2,243,628	-
Investments	2,000,000	6,500,000	14,000,000	-	5,305,031	27,805,031	4.04
	<u>15,665,304</u>	<u>6,500,000</u>	<u>14,000,000</u>	<u>-</u>	<u>7,552,739</u>	<u>43,718,043</u>	
Financial liabilities							
Trade and other payable	-	-	-	-	3,852,002	3,852,002	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,852,002</u>	<u>3,852,002</u>	<u>-</u>
2012							
Financial assets							
Cash	6,382,559	6,000,000	-	-	-	12,382,559	3.12
Trade and other receivables	-	-	-	-	2,201,324	2,201,324	-
Investments	1,500,000	8,500,000	5,000,000	-	3,637,037	18,637,037	4.29
	<u>7,882,559</u>	<u>14,500,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,838,361</u>	<u>33,220,920</u>	
Financial liabilities							
Trade and other payable	-	-	-	-	1,467,112	1,467,112	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,467,112</u>	<u>1,467,112</u>	<u>-</u>

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14 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 31 December 2013, 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	
	2013	2012	2013	2012
	\$	\$	\$	\$
+ 1% (100 basis points)	264,865	349,577	264,865	349,577
- 0.5% (100 basis points)	(132,433)	(174,789)	(132,433)	(174,789)

15 FAIR VALUE MEASUREMENTS

The group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Available-for-sale financial assets
- Land and buildings
- Investment properties

The fair value hierarchy consists of the following levels:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - inputs for asset or liability values that are not based on observable market data (unobservable inputs).

The following presents the union's assets and liabilities measured and recognised at fair value at 31 December 2013.

2013	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale financial assets (Note 6)				
- Units held in Australian Council of Trade Unions (ACTU)	-	-	1,682	1,682
- Investments in managed investment schemes	-	5,303,349	-	5,303,349
	-	5,303,349	1,682	5,305,031
Non-financial assets				
Investment properties (Note 7)	-	1,100,000	-	1,100,000
Land and building (Note 8)	-	20,239,126	-	20,239,126
	-	21,399,126	-	21,399,126
2012				
Financial assets				
Available for sale financial assets (Note 6)				
- Units held in Australian Council of Trade Unions (ACTU)	-	-	1,682	1,682
- Investments in managed investment schemes	-	2,635,355	-	2,635,355
	-	2,635,355	1,682	2,637,037
Non-financial assets				
Investment properties (Note 7)	-	3,273,648	-	3,273,648
Land and building (Note 8)	-	21,113,899	-	21,113,899
	-	18,249,625	-	25,387,547

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15 FAIR VALUE MEASUREMENTS (CONT'D)

Valuation techniques used to derive level 2 and level 3 fair values

(a) Recurring fair value measurement

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities which is not considered material.

For its investment properties and freehold land and buildings (classified as property, plant and equipment), the union obtains independent valuations at least every three years. At the end of each reporting period, the committee members update their assessment of the fair value of each property, taking into account the most recent independent valuations. The committee members determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the committee members consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 2. The level 2 fair value of land and buildings has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

	2013	2012
	\$	\$
Reconciliation of Level 3 fair value movements		
Carrying amount at the beginning of the year	1,682	1,682
Carrying amount at the end of the year	1,682	1,682

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16 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.

1,936,005 2,119,602

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

Akbari F	Beattie B	Berardi D	Bergic S
Booth R	Booth P	Christopher D	Cody M
Cordier A	Doyle F	Duggan J	Edwards R
Ioannidis A	Neilson B	Perkovic J	Reardon S
Round P	Savronidis C	Setka J	Spernovasilis E
Stradjot F	Stephenson G	Theodorou T	Washington N
Williams R			

17 UNION DETAILS

The principal place of business of the Union is:

CFMEU Construction and General Division (Victoria and Tasmanian Branch)
500 Swanston Street
CARLTON SOUTH VIC 3053

The union had 96 employees (2012: 94).

18 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:

	2013 \$	2012 \$
Cash on hand	4,080	3,900
Cash at bank	5,665,304	6,378,659
Short-term term deposits	8,000,000	6,000,000
	13,669,384	12,382,559

(b) Reconciliation of cash flow from operations surplus

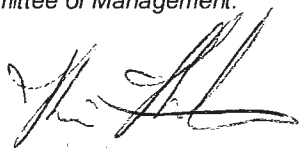
Net surplus	8,004,273	3,829,561
Depreciation	1,243,610	1,331,806
(Gain) / Loss on disposal of property, plant & equipment	(1,274,391)	194,882
Gain on disposal of investment properties	(2,181,734)	-
Loss / (Gain) on sale of financial asset	3,919	(57,777)
Loss on revaluation of investment properties	-	351,041
Gain on Tasmanian Branch Merger	-	(322,266)
Fair value gain on investment properties	-	(33,888)
Other non-cash items	-	23,344
Increase in trade and other receivables	(42,304)	(694,989)
Decrease in inventories	28,515	13,331
Increase in trade and other payables	2,384,890	(477,858)
(Increase) / Decrease in provisions	(1,618,562)	3,003,335
Net cash provided from operating activities	6,548,216	7,160,522

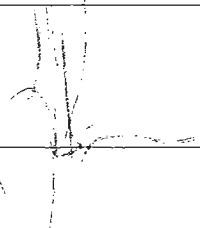
**Construction, Forestry, Mining and Energy Union
Construction and General Division
Victorian and Tasmanian Divisional Branch**

The Divisional Branch Management Committee resolves that in relation to the general purpose financial report of the CFMEU Construction & General Division, Victorian and Tasmanian Divisional Branch for the year ended 31st December 2013:

- (a) *The financial report and notes for the financial year ended 31st December, 2013 comply with applicable accounting standards;*
- (b) *The financial report and notes for the financial year ended 31st December, 2013 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, 2013;*
- (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, 2013 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. 

20th May 2014



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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of the Construction, Forestry, Mining & Energy Union Construction and General Division Victoria and Tasmanian Divisional Branch

Report on the Financial Report

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

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 and the Fair Work (Registered Organisations) Act 2009, and for such internal control as the office holders determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 Construction, Forestry, Mining & Energy Union Construction and General Division Victoria and Tasmanian Divisional Branch as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards the Fair Work (Registered Organisations) Act 2009.

BDO East Coast Partnership

A handwritten signature of the BDO East Coast Partnership, written in black ink.

A handwritten signature in cursive script, which appears to read 'James Mooney', written in black ink.

James Mooney

Partner

Registered company auditor #311052

Melbourne, 20 May 2014