

10 September 2013

Mr Michael Buchan  
Secretary, Western Australian Divisional Branch  
Construction and General Division  
CFMEU  
PO Box 6681  
EAST PERTH WA 6892



Dear Mr Buchan,

**Re: Lodgement of financial statements and accounts - Construction, Forestry, Mining & Energy Union, Western Australian Divisional Branch - for year ended 31 December 2012 (FR2012/531)**

I refer to the above financial statements and accounts which were lodged with the Fair Work Commission on 24 June 2013. I also note the advice provided today by Mr Chris Prast of the Branch regarding an adjustment to donations information to be made in next year's report.

I have filed the documents. I have identified some issues relating to the form of disclosure to be complied with in next year's report and I set these out in the attached table. I also attach a copy of the new Reporting Guidelines issued on 26 June 2013 for your reference.

I must draw your attention to a particular issue. The correct interpretation of the requirement relating to the reporting of membership subscription income has come to my attention and I must explain this requirement. I appreciate that this has not been clarified for the Branch in previous years and that the wording of the Act may give rise to misunderstanding.

Note 1(a) of the report states that "*membership contributions and levy income are accounted for on a cash basis*". This note is consistent with previous years but incorrect to the extent that membership subscriptions are not reported on an accruals basis.

The Act makes a distinction between (i) keeping records and (ii) preparing reports. Section 252(4) permits financial records of membership contributions to be *kept* on a cash basis, but section 253(1) requires "*...a reporting unit must cause a general purpose financial report to be prepared in accordance with the Australian Accounting Standards...*" The relevant Standard is AASB 101, which provides "*An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting*".

Thus, if membership subscription records are kept through the year on a cash basis, as permitted by section 252(4), appropriate adjustment may be necessary to present this income on an accruals basis and comply with section 253(1) and AASB 101.

Please contact me on (02) 6723 7237 if you have any queries about the financial reporting requirements.

Yours sincerely



Stephen Kellett,  
Senior Adviser, Regulatory Compliance Branch

Table of particular provisions

Provision	What it says	Explanation
S254(2)(a) RO Act 2009	“The operating report must contain a review of the reporting unit’s principal activities during the year, <b><i>the results of those activities</i></b> and any significant changes in the nature of those activities during the year”	<p>This is a commonly overlooked or misinterpreted element of operating report reviews. Frequently, the results are expressed as financial profits or losses. In fact, it is industrial, organisational and other results of this nature that are contemplated.</p> <p>The operating report provides a summary or snapshot of key aspects of the reporting unit. Here it would suffice to state whether the activities described have generally achieved their objectives, or to identify any significant achievements or results (other than purely financial ones) of particular activities*</p> <p>[*The nature of the principal activity has been described as “<i>to act as the Western Australian representative of the federally registered...Union and .... to act on behalf of and further the interests of its members</i>”..</p> <p>Results which the organisation might relevantly consider significant might include for example whether any particular interests (conditions etc) had been furthered.]</p>
Australian Auditing Standard ASA 700  Paragraph 23(c)	<p>The standard states: “The introductory paragraph in the auditor’s report shall: ..... (c) Identify the <b><i>title of each statement</i></b> that comprises the financial report</p>	<p>This is a fine detail that is from time to time overlooked by auditors and one for the auditor’s attention here.</p> <p>In the introductory paragraph of the 2012 audit report the auditor has not identified any statement by name except for the Recovery of Wages Statement of Receipts and Payments. In his audit opinion, he has referred to “the statements on pages 3 to 21”.</p> <p>The Standard seems quite explicit. The other statements to be identified by title in the introductory paragraph include the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, the summary of significant accounting policies and the Committee of Management Statement.</p>
Paragraphs 44,45 New Reporting Guidelines issued 26/6/13	<p>The auditor’s statement:</p> <p>a) must include a declaration that either: i. the auditor is an approved auditor; or ii. the auditor is a member of a firm where at least one member is an approved auditor; and</p> <p>b) must specify that the auditor: i. is a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the Institute of Public Accountants (formerly the National Institute of Accountants); and ii. holds a current Public Practice Certificate.</p>	<p>This provision makes explicit what has been an implicit assumption in the past that appointed auditors fall in any year into the category of currently approved auditors. With increased emphasis on auditors’ duties and standards, this provision will enhance reporting unit’s governance standards and make it easier for FWC records to be maintained up-to-date.</p> <p>This requirement, in its explicit form, takes effect for all reports prepared for years ending 30 June 2013 onwards.</p> <p>Your auditor will be required to make the specific</p>

	<p>45. The auditor's statement must include a declaration, that as part of the audit of the financial statement, 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.</p>	<p>statements prescribed in next year's report.</p>
<p>Section 265(5) RO Act 2009</p>	<p>"The copies referred to.....must be provided within</p> <p>(a) if a general meeting of members of the reporting unit to consider the reports is held within 6 months after the end of the financial year - the period starting at the end of the financial year and ending 21 days before that meeting; or</p> <p>(b) in any other case - the period of 5 months starting at the end of the financial year."</p> <p>"The General Manager may, upon application....extend the period during which the meeting referred to in paragraph (a) may be held, or the period set out in paragraph (b), by no more than one month."</p>	<p>This means that the kind of second meeting held to present the report will determine the latest date by which the report must be provided to the members of the Branch.</p> <p>If the report is presented to a general meeting rather than to a second meeting of the committee, then the report must be provided to the members at least 21 days prior to the general meeting. Where the WA Branch is concerned, the latest day for providing the report to members would be 21 days prior (9 June) to the latest day allowed for the general meeting (30 June)</p> <p>On the other hand, if the report is presented to a second meeting of the committee rather than to a general meeting, there is no minimum interval to be observed between providing the report and holding the second meeting, so long as the report is provided within 5 months. Where the WA Branch is concerned, the latest day for providing the report to members would be 31 May.</p> <p>The Designated Officer Certificate for 2012 certified that the report was provided to members on 12 June and presented on 24 June. If presentation on 24 June was to a general meeting, then the report should have been provided to members at least 21 days before, on 3 June.</p> <p>If presentation on 24 June was to a second meeting of the committee, then the report should have been provided to members by 31 May.</p> <p>In either case, the report was provided later than the ordinary period prescribed. In future, if it is anticipated that the report cannot be provided within the ordinary periods, an application for an extension of time under section 265(5) must be made to the General Manager.</p>
<p>Section 266(1)  Fair Work (Registered Organisations) Act 2009</p>	<p>"...The reporting unit must cause the full report to <b>be presented</b>....within the period of 6 months starting at the end of the financial year"</p>	<p>This provision is frequently misunderstood. The key to avoiding confusion over this provision is to keep in mind that the financial reporting process involves two meetings: a "first" meeting of the committee and a "second" meeting under s266. The meeting referred to in s266 is by default a general members' meeting but it may also be a meeting of the committee of management if the rules allow.</p> <p>However, it must be clearly understood that a meeting of the committee for the purposes of presentation under section 266 will necessarily be a "second" meeting of the committee to be distinguished from the "first" meeting of the committee at which the financial statements are</p>

		<p>first approved and statements signed.</p> <p>“Presentation” in the sense of the Act does not take place at the first meeting but at the second meeting.</p> <p>The second meeting should only take place after the signed report and statements have been made available to the members.</p> <p>The Certificate by Prescribed Designated Officer must certify the date the signed report and statements are provided to members and the date of the “second” meeting (i.e. not the ‘first’).</p>
S268  FW(RO) Act	<p>“A reporting unit must, within 14 days.....after the general meeting referred to in section 266, lodge with FWC.....”</p>	<p>Whenever the second meeting is held, whether a general meeting or a second committee meeting, the documents must be lodged with FWC.</p> <p>There should be no reason, ordinarily, for a delay in so lodging within that period, but if circumstances prevent lodgement within that period, the reporting unit should formally request that a longer period than the 14 days be allowed.</p>
S272(5)	<p>“A general purpose financial report prepared under section 253....must include a notice drawing attention to subsections (1),(2) and (3) of this section and setting out those subsections.”</p> <p>The <b><i>correct wording of section 272</i></b> is:  <i>“(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) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit. (3) A reporting unit must comply with an application made under subsection (1)”</i></p>	<p>The reporting unit has consistently set out its notice in wording that paraphrases subsections (1), (2) and (3) rather than replicating the subsections.</p> <p>The intent and practical effect of both forms of notice is not dissimilar. However the Act makes section 272 a civil penalty provision which appears to underscore its significance.</p> <p>Wherever the Act requires explicitly particular disclosure of its provisions, the correct citation should be used.</p>
<p><i>General Note</i></p> <p>It may be readily apparent that the way legislative provisions have been worded gives rise to disclosure of one kind rather than another.</p> <p>Explanations for section 266 and 268 have been included in case there is any doubt about their operation. They are key time-frame provisions and timeliness of reporting is an area for regulatory emphasis.</p> <p>The new Reporting Guidelines set out a number of specific items for disclosure and go some way to making it a requirement to avoid doubt by making specific statements in relation to specifically prescribed items even where they have not occurred in any reporting period. [see paragraphs 14, 16, 18,20,22,24,26,33,38 attached]</p> <p>As a general rule, to avoid doubt in matters of compliance, using the words, terms, descriptors or phrases set out in legislation, regulations or other standards is often the simplest approach to avoid inadvertently misinterpreting or overlooking information disclosures. The new Reporting Guidelines should be scrutinised closely and that the organisation should feel welcome to ask any questions at any time.</p>		

**Construction Forestry Mining and Energy Union  
Construction and General Division – WA Branch**

**Financial Report for the  
Year ended 31 December 2012**

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

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**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

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## **OPERATING REPORT**

The Committee of Management present their operating report in respect of the year ended 31 December 2012 as follows:

### **Members of the Management Committee**

The members of the Management Committee at any time during the year and the period for which he/she held the position were:

Campbell McCullough, Ian Hawkins, Glenn Hawkins, Joseph McDonald, Graham Pallot, Leslie Wellington, Peter Ballard, Michael Buchan, Peter McGrahan, Tony Kelly and Matt Waters.

Each of the above members held the position for the full year.

### **Review of Activities**

The principal activity of the Branch during the course of the financial year was to act as the Western Australian representative of the federally registered Construction, Forestry, Mining, and Energy Union – Construction and General Division (CFMEU C&G). The primary role of the Branch is to act on behalf of and to further the interests of its members.

There were no significant changes in the nature of the Branch's activities during the year.

The results of the activities for the year are summarised as follows:

- Total income was \$12,849,369 which represents a decrease of \$182,961 (1.4%) from the prior year. This reflects a decrease in the number of members during the year (2%), combined with a reduction in income generated from the Training Levy, Eureka Products and Donations, and also the continuing buoyant activity in the construction and mining industries in Western Australia.
- The decrease in total income largely resulted from a 4.8% increase in membership subscriptions, offset by decreases largely in training levies, from the sale of Eureka Products and from Donations.
- The surplus for the year was \$3,667,965 compared with \$3,738,503 in 2011. The 2012 surplus was reasonably consistent with the prior year. Whilst total income decreased in 2012 so too did total expenses.
- Full details of income and expenditure are set out on page 4 and 5.

### **Significant Changes in Financial Affairs**

Significant changes in the state of affairs of the Branch during the year were:

- Total assets increased to \$20,150,910 as at 31 December 2012 (2011: \$17,576,049) with the increase arising mainly from increased Cash in Financial Institutions.
- Total liabilities decreased to \$1,768,935 as at 31 December 2012 (2011: \$2,862,038) with the decrease mainly due to a decrease in other financial liabilities.
- Net Assets increased to \$18,381,976 as at 31 December 2012 (2011: \$14,714,011).

There were no other significant changes in the Branch's affairs during the financial period.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

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**The Right of Members to Resign**

A member may resign from the membership of the Union by a written notice addressed and delivered to the Divisional Branch Secretary or other officer of the Divisional Branch authorised to receive such correspondence.

**Membership Information**

The number of members of the Branch as at 31 December 2012 recorded in the register of members and taken to be members of the Branch were 10,495.

**Employee Information**

The number of full time equivalent employees of the Branch as at 31 December 2012 was 28.

**Trustee of a Superannuation Entity**

No officer or member is a trustee of a superannuation entity or an exempt public sector superannuation scheme or a director of a company that is a trustee of such an entity or scheme, where the criterion for the officer or member holding such a position is being an officer or member of a registered organisation.

Signed on behalf of the Committee of Management

Dated this *12<sup>th</sup>* day of *March*, 2013.



Michael Buchan  
Secretary



**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

	Note	2012 \$	2011 \$
<b>MEMBERS FUNDS</b>			
Balance at Beginning of Year		14,714,011	10,975,508
Transfer of Funds from Related Entities		-	-
Movement in Asset Revaluation Reserve		-	-
Surplus / (Deficiency)		<u>3,667,965</u>	<u>3,738,503</u>
		<u>18,381,976</u>	<u>14,714,011</u>
<b>REPRESENTED BY:</b>			
<b>CURRENT ASSETS</b>			
Cash on Hand		2,100	2,100
Cash in Financial Institutions		16,115,740	12,524,999
Sundry Debtors		447,646	397,792
Managed Investments – at market value		<u>786,991</u>	<u>751,401</u>
<b>TOTAL CURRENT ASSETS</b>		<u>17,352,477</u>	<u>13,676,292</u>
<b>NON-CURRENT ASSETS</b>			
Sundry Debtors – CFMEUW		-	1,590,180
Loans Receivable – CFMEUW	2	348,559	348,559
Loans Receivable/(Payable) – CSTC	2	(159,007)	8,786
Furniture & Fittings - at cost		232,147	230,708
Furniture & Fittings - accumulated depreciation		(187,649)	(173,778)
Motor Vehicles - at cost		613,391	492,596
Motor Vehicles - accumulated depreciation		(140,604)	(155,892)
The Herrons property - at cost		635,004	635,004
Karratha property – at Committee of Management valuation – 31 December 2012		760,000	923,594
Birchley Heights property - at cost		<u>696,592</u>	-
<b>TOTAL NON CURRENT ASSETS</b>		<u>2,798,433</u>	<u>3,899,757</u>
<b>TOTAL ASSETS</b>		<u>20,150,910</u>	<u>17,576,049</u>
<b>CURRENT LIABILITIES</b>			
Trade Creditors		54,956	86,146
Sundry Creditors		254,133	402,890
GST clearing Account		341,310	442,885
Provision for Holiday Pay	3	600,063	559,612
Other Financial Liabilities		-	849,057
Trust Account		-	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,250,462</u>	<u>2,340,590</u>
<b>NON CURRENT LIABILITIES</b>			
Provision for Long Service Leave	4	518,472	521,448
Other Financial Liabilities		-	-
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>518,472</u>	<u>521,448</u>
<b>TOTAL LIABILITIES</b>		<u>1,768,934</u>	<u>2,862,038</u>
<b>NET ASSETS</b>		<u>18,381,976</u>	<u>14,714,011</u>

To be read in conjunction with the attached notes

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012	2011
		\$	\$
<b>REVENUE</b>			
Subscriptions		7,639,701	7,287,739
Training Levy		2,736,330	3,111,663
Hardship Fund Income		-	6,050
Revaluation / (Devaluation) of Managed investments		35,590	5,901
Joining Fees		9,199	47,736
Other Receipts - Sundry Income		679,753	684,015
Interest Received		692,471	631,939
Rent Received		31,963	32,732
Canteen Income		798,759	805,021
Eureka Products		188,875	289,462
Political and Donations		62,130	141,022
Gain / (loss) on Sale of Assets		(25,402)	(10,950)
		<u>12,849,369</u>	<u>13,032,330</u>
<b>EXPENDITURE</b>			
Administration fees		146,806	63,368
Advertising		263,286	40,841
Affiliation Fees		103,304	32,004
Auditor's Remuneration		49,175	42,291
Bank Charges		48,825	84,874
Campaign Costs		6,890	-
Canteen Expenditure		13,078	360,685
Computer Requirements		51,444	60,800
Consulting Fees		169,200	-
CSTC Training Top Up		470,214	373,501
Depreciation		102,892	95,228
Donations		256,045	166,547
Eureka Products Purchased		267,066	196,994
Freight		17,441	6,460
Funeral Benefits		660	100
Fringe Benefits Tax		3,662	10,243
Insurance		161,974	146,915
Legal and Settlement Costs		674,760	1,368,408
Meeting Expenses		66,892	77,258
Motor Vehicle Expenses & Service charges		163,417	156,355
Payroll Tax		226,354	231,683
Parking		13,045	9,782
Impairment Loss on Karratha Property		163,594	-
Printing, Postage & Stationery		268,345	201,827
Photocopying & Office Expenses		76,605	71,662
Provision for Employee Entitlements		38,176	(54,292)
Rent, Rates and Electricity		108,135	95,766

Continued on following page

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

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**STATEMENT OF COMPREHENSIVE INCOME (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012	2011
		\$	\$
<b>EXPENDITURE (continued)</b>			
Repairs & Maintenance		55,491	42,035
Staff Amenities		31,293	24,645
Subscriptions		24,415	22,080
Superannuation and Redundancy Contributions	5	717,071	755,639
Sustentation Fees (Federal)		569,367	520,548
Tea Money		102,008	85,439
Telephone		103,984	104,035
Training		-	3,893
Travel and Accommodation		277,926	300,114
Wages – Office holders	5	2,070,938	2,507,868
Wages - Other employees	5	1,297,626	1,088,231
		<u>9,181,404</u>	<u>9,293,827</u>
<b>SURPLUS FOR THE YEAR</b>		<u><u>3,667,965</u></u>	<u><u>3,738,503</u></u>
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
Surplus attributable to the Union		<u>3,667,965</u>	<u>3,738,503</u>
<b>Total Comprehensive income attributable to the Union</b>		<u><u>3,667,965</u></u>	<u><u>3,738,503</u></u>

To be read in conjunction with the attached notes

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	General Funds \$	Hardship Fund \$	Reserves \$	Total \$
<b>Balance at 31 December 2010</b>	<b>10,247,043</b>	<b>608,767</b>	<b>119,698</b>	<b>10,975,508</b>
Total Comprehensive income for the period ended 31 December 2011	3,738,503	-	-	3,738,503
Transfer of Funds from Related Entities	-	-	-	-
Increase in Asset Revaluation Reserve	-	-	-	-
<b>Balance at 31 December 2011</b>	<b>13,985,546</b>	<b>608,767</b>	<b>119,698</b>	<b>14,714,011</b>
Total Comprehensive income for the period ended 31 December 2012	3,667,965	-	-	3,667,965
Transfer of Funds	119,698	-	-	119,698
Decrease in Asset Revaluation Reserve	-	-	(119,698)	(119,698)
<b>Balance at 31 December 2012</b>	<b>17,773,209</b>	<b>608,767</b>	<b>-</b>	<b>18,381,976</b>

To be read in conjunction with the attached notes

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 \$	2011 \$
<b>Cashflows from Operating Activities</b>			
Receipts from members		10,399,131	10,376,302
Other receipts		1,697,725	1,930,642
Payments to suppliers and employees		(10,171,616)	(10,296,876)
Interest received		<u>692,471</u>	<u>631,939</u>
<b>Net Cash Provided by (used in) Operating Activities</b>	7	<u>2,617,711</u>	<u>2,642,007</u>
<b>Cashflows From Investing Activities</b>			
Payments for Property, Plant & Equipment		(867,489)	(156,035)
Proceeds from Sale of Property, Plant & Equipment		<u>82,546</u>	<u>38,182</u>
<b>Net Cash Provided by (used in) Investing Activities</b>		<u>(784,943)</u>	<u>(117,854)</u>
<b>Cashflows From Financing Activities</b>			
Receipts from Related Entities		-	-
Decrease in Loans Payable		-	-
Decrease in Loans Receivable		<u>1,757,973</u>	<u>-</u>
<b>Net Cash Provided by (used in) Financing Activities</b>		<u>1,757,973</u>	<u>-</u>
Net Increase (Decrease) in Cash Held		3,590,741	2,524,153
Cash at 1 January 2012		12,527,099	10,002,946
Cash at 31 December 2012		<u><u>16,117,840</u></u>	<u><u>12,527,099</u></u>

To be read in conjunction with the attached notes

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other pronouncements of the Australian Accounting Standards Board and the reporting guidelines made under section 255 of the Fair Work (Registered Organisations) Act 2009.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on the *12<sup>th</sup>* day of *March*, 2013 by the members of the committee.

**(a) MEMBERSHIP CONTRIBUTIONS AND LEVY INCOME**

Membership contributions and levy income are accounted for on a cash receipts basis.

**(b) PROPERTY, PLANT AND EQUIPMENT**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment loss.

Each class of property, plant and equipment is carried at cost or fair value less, where appropriate, any accumulated depreciation and impairment loss.

Plant and equipment, motor vehicles and furniture and fittings acquired are brought to account at cost.

Property, comprising land and buildings, is carried fair value which is based on either independent valuations or third party appraisals. Revaluation increments are credited to an Asset Revaluation Reserve. Properties are revalued regularly so as to ensure they are always reflected at fair value.

The carrying amount of property, plant and equipment is reviewed annually by board members to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal.

**Depreciation**

The Depreciable amount of all fixed assets is depreciated on the diminishing value over their useful lives to the Union commencing from the time the asset is held ready for use.

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

Furniture & Fittings	7.5 - 37.5%pa
Motor Vehicles	22.5%pa
Property	Nil pa

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) **IMPAIRMENT OF ASSETS**

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

(d) **INCOME TAX**

No provision for income tax is necessary as "Trade Unions" are exempt from income tax under section 50-15 of the Income Tax Assessment Act (1997).

(e) **FINANCIAL INSTRUMENTS**

**Recognition**

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

**Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period which they arise.

**Loans and receivables**

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

**Available-for-sale financial assets**

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

**Fair value**

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

**Impairment**

At each reporting date, the Union assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income

f) **EMPLOYEE BENEFITS**

Provision is made for the Union's liability for employee benefits arising from services rendered by employees at balance date.

Liability for Annual Leave benefits are expected to be settled within 12 months and are therefore considered current liabilities. Liability for Long Service Leave benefits are not

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**f) EMPLOYEE BENEFITS (continued)**

expected to be settled within 12 months and are therefore considered non-current liabilities, notwithstanding that any immaterial amounts may be settled within the next 12 months.

Provisions for employee benefits are brought to account at the amounts expected to be paid when the liability is settled, plus related on-costs. Provisions for redundancy fund are accrued at its current value. Any movement in the redundancy provision is expensed through the superannuation account.

Superannuation contributions made by the Union are expensed when due, except in the case for the redundancy fund mentioned above.

**g) GOODS & SERVICES TAX (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except;

- Where GST incurred on purchases is not recoverable from the ATO, GST is recognised as part of the cost of the purchase.

Receivables and payables are stated with the amount of GST included.

**h) MANAGED INVESTMENTS**

Managed Investments comprise of a diversified portfolio of tradeable equities, managed funds and cash, managed by an independent fund manager. Managed Investments are classified as “financial assets at fair value through profit and loss” and are recorded at net market value, with any changes in net market value brought to account in the Statement of Comprehensive Income in the periods in which they occur.

**(I) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company’s assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;



**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(I) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS  
(continued)**

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Since the company is a for-profit private sector entity that does not have public accountability, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company will take advantage of Tier 2 reporting at a later date.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the company.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(I) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (continued)**

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16, & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The company has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the company.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the company.

- AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the company.

- AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 136, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(I) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (continued)**

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the company.

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

- require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
- the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
  - (i) for an offer that may be withdrawn – when the employee accepts;
  - (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
  - (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The company has not yet been able to reasonably estimate the impact of these changes to AASB 119.

The Union does not anticipate early adoption of any of the above Australian Accounting Standards or Interpretations.

**CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Union evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the union.

*Key estimates – Impairment*

The Union assesses impairment at each reporting date by evaluating conditions specific to the Union that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**REGISTRATION STATUS**

The Construction Forestry Mining and Energy Union Construction and General Division – WA Branch is a federally registered divisional branch of the Construction Forestry Mining and Energy Union.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**2 LOANS RECEIVABLE**

The loans receivable from the Construction Forestry Mining and Energy Union of Workers (CFMEUW) and the Construction Skills Training Centre (CSTC) are unsecured, interest free and at call.

<b>3 PROVISION FOR HOLIDAY PAY</b>	<b>2012</b>	<b>2011</b>
Amounts payable to:		
- Office holders	506,810	447,717
- Other Employees	93,253	111,895
	<u>600,063</u>	<u>559,612</u>

**4 PROVISION FOR LONG SERVICE LEAVE**

Amounts payable to:		
- Office holders	346,248	335,429
- Other Employees	172,224	186,019
	<u>518,472</u>	<u>521,448</u>

**5 EMPLOYEE BENEFITS**

Employee benefits paid to Office holders during the year comprised of:

Wages	1,882,744	2,407,088
Annual leave/long service leave	188,194	100,780
Non monetary benefits	53,825	89,122
Superannuation and Redundancy	522,625	498,432
	<u>2,647,388</u>	<u>3,095,422</u>

Employee benefits paid to other employees during the year comprised:

Wages	1,126,416	954,537
Annual leave/long service leave	171,210	133,694
Non monetary benefits	8,466	7,624
Superannuation and Redundancy	194,446	257,207
	<u>1,500,538</u>	<u>1,353,062</u>

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**6 INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR**

In accordance with the requirements of Section 272, subsections (1), (2) and (3) of the Fair Work (Registered Organisations) Act 2009, an organisation shall, on the application of a member of the organisation or the General Manager of Fair Work Australia (FWA) made as prescribed, make available to the member or to the General Manager of FWA, as the case may be, specified information in such manner and within such time as is prescribed.

The General Manager of FWA shall not make an application except at the request of a member of the organisation concerned, the General Manager, when he receives information as result of an application, made at the request of such a member, shall furnish the information to the member.

**7 CASHFLOW INFORMATION**

Reconciliation of Cashflow from Operations with Operating Surplus is as follows;

	<b>2012</b>	<b>2011</b>
<b>Operating Surplus</b>	3,667,965	3,738,503
<b>Non cash flows in operating surplus</b>		
Depreciation	102,892	95,228
Revaluation of Managed Investments	(35,590)	(5,901)
Changes in Assets and Liabilities:		
(Increase)/decrease in receivables	(49,854)	(98,496)
Increase/(decrease) in payables	(1,130,579)	(1,043,985)
Increase/(decrease) in employee entitlements	37,475	(54,292)
(Profit)/Loss on sale of investments/assets	25,402	10,950
<b>Cash Flows from/(to) Operations</b>	<u>2,617,711</u>	<u>2,642,007</u>

**8 FINANCIAL RISK MANAGEMENT**

The Union undertakes transactions in a range of financial instruments. The material financial instruments are:

- Cash assets
- Managed investments (a diversified portfolio of tradeable listed investments, managed funds and cash management trusts)
- Sundry debtors and loans receivable
- Trade and sundry creditors
- Other financial liabilities

The union does not have any derivative instruments as at 31 December 2012 and does not speculate in any types of financial instruments.

The activities of the Union expose it primarily to the financial risks, associated with its financial instruments, of market risk, credit risk and interest rate risk. The Committee of Management are responsible for the monitoring and managing the financial risks of the Union. They monitor these risks through monthly board meetings where management accounts are presented and analysed. Any changes or issues identified are communicated

NOTES TO AND FORMING PART OF THE ACCOUNTS

**8 FINANCIAL RISK MANAGEMENT (continued)**

to the administration team who implement changes. Management of the different types of financial risks are explained below;

**a) Market Risk**

The only material market risk we are exposed to is the risk that the fair value or future cash flows of our managed investments will fluctuate because of changes in market prices. We manage these risks by having a diversified portfolio of tradeable equities, managed funds and cash, managed by an independent funds manager. The investment value and returns are regularly reported to and monitored by the Committee of Management who makes changes as required.

***Sensitivity Analysis***

If market prices of our tradeable securities were 10% higher or lower the impact on our operating surplus would be to increase/decrease the surplus by approximately \$47,000 (as a substantial proportion of the managed investments are currently held in cash). A sensitivity of 10% has been selected as this is considered reasonable given the diversified portfolio.

**b) Credit Risk**

Credit risk is the risk that a contracting entity will not complete its obligations to repay us and thus will cause us to make a financial loss.

The largest material credit risk we are exposed to relates to cash assets, which comprises cash at banks and managed investments. We manage these risks by limiting the amount of funds invested with any financial institution and by evaluation of the financial institutions selected.

The Union also has exposure to credit risk through its sundry debtors and loans receivable. Most receivables are from a related union (the CFMEUW). Whilst there is a concentration of credit risk it has been assessed that the CFMEUW can comfortably meet its obligations.

**c) Liquidity Risk**

Liquidity risk is the risk that the Union will not be able to meet its financial obligations as they fall due, the Union manages liquidity risk by maintaining adequate cash reserves and by monitoring forecast cash flows, which reflect managements' expectations of the settlement of financial assets and liabilities.

All financial assets and liabilities mature within a period of less than 12 months.

**d) Fair Value Financial Instruments**

The carrying amounts of financial assets and liabilities approximate their fair values.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**8 FINANCIAL RISK MANAGEMENT (continued)**

**e) Interest Rate Risk**

The Unions' exposure to interest rate risk, which is the risk that a financial instruments' value will fluctuate as a result of the changes in market interest rates, is limited only to its cash holdings with a number of banks.

To demonstrate the Unions' sensitivity to changes in interest rates a movement in rate of plus or minus 1% at the reporting date would have increased / decreased net profit by approximately \$161,000. For further details on interest rate risk refer to the table below.

*The following table summarises interest rate risk for the Company together with effective interest rates as at balance date:*

	Floating Interest Rate	Fixed rate maturing:		Non - Interest Bearing	TOTAL	Interest Rates:	
		1 year or less	Over 1 year			Fixed	Floating
<b>2012</b>							
<b>Financial Assets</b>							
Cash Assets	2,817,935	13,297,805	-	2,100	16,117,840	5.07%	0.80%
Managed Investments	-	-	-	786,991	786,991	-	-
Sundry Debtors	-	-	-	447,646	447,646	-	-
Related Entity Loans	-	-	-	189,552	189,552	-	-
<b>Total Financial Assets</b>	2,817,935	13,297,805	-	1,426,289	17,542,029		
<b>2011</b>	2,728,098	9,796,901	-	3,098,818	15,623,817		
<b>2012</b>							
<b>Financial Liabilities</b>							
Trade payables	-	-	-	54,956	54,956	-	-
Other payables	-	-	-	595,443	595,443	-	-
<b>Total Financial Liabilities</b>	-	-	-	650,399	650,399		
<b>2011</b>	-	849,057	-	931,921	1,780,978		

*Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.*

**9 CONTINGENT LIABILITIES**

The Union and specified officials are subject to regulatory actions and are being sued for unspecified damages in a number of separate actions arising from industrial disputes. The Committee of Management are of the opinion that the actions can be successfully defended by the Union and are currently involved in litigation challenging the actions.

Given the complex and protracted nature of these actions and advice from legal counsel, it is not practicable to estimate the potential financial impact, if any, of these actions at this time, although any potential financial impact is not expected to be significant.

The information usually required by AASB 137 Provisions, Contingent Liabilities and Contingent Assets, is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation.

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**9 CONTINGENT LIABILITIES (continued)**

In addition to the above, the Union has a contingent liability of \$1 million which arises from a settlement deed executed during the year ended 31 December 2012. Pursuant to the deed, the liability will become due and payable if prohibited industrial action (as defined in the deed) occurs on or before 11 February 2018.

**10 RELATED PARTY DISCLOSURES**

There are no related party transactions other than remuneration of office holders, as disclosed in Note 5, loans receivable from the Construction Forestry Mining and Energy Union of Workers (CFMEUW) and Construction Skills Training Centre (CSTC), as disclosed in the Statement of Financial Position, administration fees charged to the Construction Skills Training Centre and transfer of training levies to CFMEUW, as disclosed in the Statement Of Comprehensive Income.

**11 EVENTS SUBSEQUENT TO BALANCE DATE**

No matters or events have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Branch, the results of those operations or the state of affairs of the Branch in subsequent financial periods.

<b>12 CAPITAL EXPENDITURE COMMITMENTS</b>	<b>2012</b>	<b>2011</b>
Capital expenditure commitments contracted for:		
- Building cost of Lot 3 Birchley Road, Beeliar WA 6164	206,059	
- Building cost of Lot 14 Lugano Terrace, Beeliar WA 6164	218,291	-
	<u>424,350</u>	<u>-</u>



**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

**STATEMENT OF RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY  
CASH BASIS FOR YEAR ENDED 31 DECEMBER 2012**

	<b>2012</b>	<b>2011</b>
	\$	\$
<b>Receipts</b>		
Amounts recovered from employers in respect of wages etc	443,746	173,640
Interest received on recovered money	-	-
<b>Total receipts</b>	443,746	173,640
<b>Payments</b>		
Deductions of amounts due in respect of membership for:		
- 12 months or less	-	5,745
- greater than 12 months	-	-
Deductions of donations or other contributions to accounts Or funds of:		
- Construction & Building Industry Super	-	-
- WA Construction Industry Redundancy Fund	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	443,746	163,800
<b>Total payments</b>	443,746	169,545
<b>Surplus / Deficit for the year</b>	-	4,095

**BALANCE SHEET AS AT 31 DECEMBER 2012**

<b>Assets</b>		
Cash at bank at beginning of period	60,023	55,928
Add Excess (deficiency) of Receipts over Payments	-	4,095
<b>Total Assets</b>	60,023	60,023
<b>Liabilities</b>		
Unclaimed Wages (in respect of 105 workers In 2012 and 105 workers in 2011)	60,023	60,023
<b>Total Liabilities</b>	60,023	60,023

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

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**COMMITTEE OF MANAGEMENT STATEMENT**

The Committee of Management of Construction Forestry Mining and Energy Union Construction and General Division – WA Branch passed the following resolution at a Management Committee meeting held on 12<sup>th</sup> March 2013 in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2012:

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

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with the reporting guidelines of the General Manager of FWA;
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- e) during the financial year to which the GPFR relates and since the end of the year:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned: and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
  - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - (v) the information sought in any request of a member of the reporting unit or the General Manager of FWA duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager; and
  - (vi) there has been compliance with any order for inspection of financial records made by FWA under section 273 of the Fair Work (Registered Organisations) Act 2009.
- f) in relation to recovery of wages activity;
  - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager of FWA; and
  - (ii) the committee of management caused the Auditor to include in the scope of the audit required under subsection 257(1) of the Fair Work (Registered Organisations) Act 2009 all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and

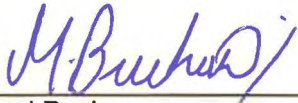
**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

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**COMMITTEE OF MANAGEMENT STATEMENT (continued)**

- (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
- (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy or fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
- (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

This declaration is true and I know that it is an offence to make a declaration knowing that it is false in a material particular - for and on behalf of the Committee of Management:



Michael Buchan  
Secretary

Dated this 12<sup>th</sup> day of March, 2013.

CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH

**MOORE STEPHENS**  
ACCOUNTANTS & ADVISORS

**AUDITORS REPORT**

**TO THE MEMBERS OF CONSTRUCTION FORESTRY MINING  
AND ENERGY UNION THE CONSTRUCTION AND GENERAL  
DIVISION – WA BRANCH**

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**Report on the Financial Report**

We have audited the Accounts of the Construction Forestry Mining and Energy Union Construction and General Division – WA Branch for the year ended 31 December 2012, including the Recovery of Wages – Statement of Receipts and Payments.

**Management Committees' Responsibility for the financial report**

The Management Committee is responsible for the preparation and presentation of the financial statements and the information contained therein. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the accounts that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors Responsibility**

We have conducted an independent audit of these accounts in order to express an opinion on them to the Members of the Branch.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the accounts are free from material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the Accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects the accounts are presented fairly in accordance with Australian Accounting Standards and statutory requirements so as to present a view of the Branch which is consistent with our understanding of its financial position and the results of its operations.

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

**Independence**

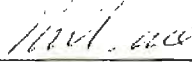
In conducting our audit, we have followed applicable independence requirements of Australian professional pronouncements.

**Audit Opinion**

In our opinion:

- (i) there were kept by the organisation in respect of the period satisfactory accounting records detailing the sources and nature of the income of the organisation (including income from members) and the nature and purpose of expenditure;
- (ii) the attached accounts, notes, Recovery of Wages – Statement of Receipts and Payments and statements on pages 3 to 21 have been prepared in accordance with applicable Accounting Standards, and are properly drawn up in accordance with the provisions of Section 255 of the Fair Work (Registered Organisations) Act 2009 in accordance with the rules of the organisation, and so as to give a true and fair view of,
  - a) the financial affairs of the organisation as at 31 December 2012, including properly and fairly reporting all information required by the reporting guidelines of the General Manager of FWA; and
  - b) the income and expenditure and surplus of the organisation for the year ended on that date.

  
MOORE STEPHENS

  
NEIL PACE  
PARTNER  
REGISTERED COMPANY AUDITOR  
# 182668

Dated this 13 day of March, 2013 in  
Perth, Western Australia.

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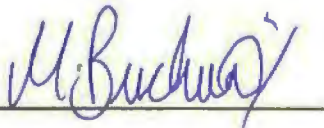
**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

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**CERTIFICATE OF SECRETARY**

I, Michael Buchan being the Secretary of the Construction Forestry Mining and Energy Union Construction and General Division – WA Branch certify:

- that the documentation lodged herewith are copies of the full report referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members on the 12 day of JUNE, 2013; and
- that the full report was presented to a general meeting of members / meeting of the Management Committee on the 24 day of JUNE, 2013 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.



Michael Buchan  
Secretary

**CONSTRUCTION FORESTRY MINING AND ENERGY UNION  
CONSTRUCTION AND GENERAL DIVISION – WA BRANCH**

Dated this 24<sup>th</sup> day of June, 2013.



FAIR WORK  
COMMISSION

18 January 2013

Mr Robert Manhood  
Secretary  
Construction, Forestry, Mining and Energy Union-Construction and General Division, WA  
Divisional Branch  
Sent by fax: (08) 9221 1506

Dear Mr Manhood,

**Re: Lodgement of Financial Report - [FR2012/531]**

**Fair Work (Registered Organisations) Act 2009 (the RO Act)**

The financial year of the Construction, Forestry, Mining and Energy Union-Construction and General Division, WA Divisional Branch (the reporting unit) ended on 31 December 2012.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date, namely 15 July 2013 (that is the period within 6 months and 14 days of the end of the financial year) under s.268 of the RO Act.

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. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets regarding financial reporting under the RO Act are provided on the Fair Work Commission website at: [Financial Reporting Fact Sheets](#).

The documents can be emailed to [orgs@fwc.gov.au](mailto:orgs@fwc.gov.au). If it is envisaged that the financial report cannot be lodged by the due date you are requested to contact this office prior to the due date to discuss the issue.

**It should be noted that s.268 is a civil penalty provision.** Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$33,000 for a body corporate and \$6,600 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at [robert.pfeiffer@fwc.gov.au](mailto:robert.pfeiffer@fwc.gov.au).

Yours sincerely,

Robert Pfeiffer  
Senior Adviser  
Regulatory Compliance Branch

## 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.	/ /	As soon as practicable after end of financial year
(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).	/ /	
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: <ul style="list-style-type: none"> <li>the General Purpose Financial Report (which includes the Committee of Management Statement);</li> <li>the Auditor's Report; and</li> <li>the Operating Report.</li> </ul>	/ /	(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	/ /	Within 6 months of end of financial year
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	Within 6 months of end of financial year
Lodge full report with the Fair Work Commission, 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.