



Australian Government

Australian Industrial Registry

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Mr Dave Oliver
Acting National Secretary
Automotive, Food, Metals, Engineering
Printing and Kindred Industries Union
Level 4
33-137 Parramatta Road
GRANVILLE NSW 2142

Dear Mr Oliver,

Attention Mr Warren Soos, National Finance Officer

**Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union
Financial Reports for the Year Ended 30th September 2006
Schedule 1 of the Workplace Relations Act 1996 (RAO Schedule)**

**National Council – FR2006/529
Victorian Branch – FR2006/534
Queensland Branch – FR2006/531
Tasmanian Branch – FR2006/533**

**Western Australian Branch – FR2006/535
South Australian Branch – FR2006/532
New South Wales Branch – FR2006/530**

Thank you for the financial reports of the above named organisation and its branches for the year ended 30th September 2006. The documents were lodged in the Industrial Registry on 23rd March 2007.

The documents have been filed.

I make the following comments to assist you in preparing financial documents in the future. You do not need to take any further action in respect of the documents which have been lodged.

GENERAL COMMENTS RELATING TO ALL FINANCIAL RETURNS

Statement of Loans, Grants and Donations

Thank you for the Statement of Loans, Grants and Donations dated 22nd December 2006. The Statement will be placed on a separate file that is not available for viewing by the general public.

The Statement that has been lodged does not distinguish between grants and donations that were made by National Council and by each of the Branches. The Statement is signed by the Acting National Secretary.

When preparing Statements in the future, I draw to your attention the fact that section 237(7) of the RAO Schedule requires each Branch to lodge a separate Statement of loans, grants and donations. Each Branch's Statement must also be signed by an officer of that particular Branch (see section 237(2) of the RAO Schedule).

You are therefore requested in future to separately list the loans, grants and donations made by National Council and by each of the Branches and to have an officer from each of those Branches or National Council sign the statement (or that part of the statement if a single document is lodged) relating to their reporting unit.

COMMENTS REGARDING NATIONAL ACCOUNTS

Auditor's Opinion – Political Fund

The Auditor's Opinion states that the financial report for the political fund is in accordance with Australian Accounting Standards but no reference is made to whether or not it also complies with the requirements of the RAO Schedule.

Section 257(5) of the RAO Schedule requires an auditor, in his or her report, to state whether the General Purpose Financial Report (GPFR) is presented fairly in accordance with not only Australian Accounting Standards but also any other requirements imposed by the RAO Schedule.

You are therefore requested to ensure in future that the Auditor prepares his or her opinion making express reference both to applicable Australian Accounting Standards and to relevant provisions in the RAO Schedule. It would be sufficient if the Auditor's Opinion made the following statement:

In my opinion the General Purpose Financial Report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of Schedule 1 (RAO Schedule) of the Workplace Relations Act 1996.

GPFR – Disclosure of Expenditure

When preparing a GPFR, section 253(2) of the RAO Schedule requires a reporting unit to provide information that is specified in the Industrial Registrar's Reporting Guidelines. In particular, Guideline 11 sets out in detail those items of expense that must be disclosed by a reporting unit either in the notes to, or on the face of, a financial statement. Included are such items as:

- fees and/or allowances paid for attendance at conferences (11(i));
- conference and meeting expenses (11(k));

It may be that these expenses are included in the figure for 'Delegations' on page 7 but it is not clear on the face of the Income Statement.

You are requested to ensure that any expenses that relate to these categories are *separately* disclosed in accordance with the Reporting Guidelines in future.

COMMENTS REGARDING TASMANIAN BRANCH ACCOUNTS

Auditor's Opinion

As stated above with respect to the National accounts, the Auditor's Opinion is required to state whether the GPFR is presented fairly in accordance with both Australian Accounting Standards and any other requirements imposed by the RAO Schedule. The opinion which has been given does not make any reference to the RAO Schedule. You are therefore requested to ensure in future that the Auditor prepares his or her opinion making express reference both to applicable Australian Accounting Standards and to relevant provisions in the RAO Schedule. It would be sufficient if the Auditor's Opinion made the following statement:

In my opinion the General Purpose Financial Report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of Schedule 1 (RAO Schedule) of the Workplace Relations Act 1996.

Consistency of Accounting Policies between Branches

Section 252(2) of the RAO Schedule and Item 17(e)(iv) of the Registrar's Reporting Guidelines require the financial records of each reporting unit to be kept, as far as practicable, on a consistent basis.

All of the reporting units (other than Tasmania) have a similarly worded statement in Note 1 that the financial reports of National Council and all branches have been prepared on a cash basis following advice from the Registry that the terms of section 252(3) of the RAO Schedule in effect create a standing exemption from the Australian Accounting Standard that mandates accrual accounts.

The Tasmanian report, however, states in paragraph 2 of Note 1 that it 'has been prepared on the basis of historical cost'. There is no statement regarding preparation of Tasmanian Branch accounts on a cash basis.

A similar issue was raised with respect to the Tasmanian Branch's accounts for the financial year ended 30th September 2005 (FR2005/546). It may be that this year's discrepancy arises from a typographical error as each of the other reports contains a paragraph under the heading 'Basis of Preparation' in Note 1 stating 'The financial report has been prepared on a cash basis as regards the income and expenditure of the National Council/Branch and on the basis of historical costs...' (ie. it appears that the beginning of the sentence may have been omitted).

You are requested to examine this issue and to ensure that, in future, the requirements of section 252(2) and Item 17(e)(iv) regarding consistency of accounts are met.

NEW SOUTH WALES BRANCH

Accounting Officer's Certificate

The Accounting Officer's certificate was a document required to be lodged under the former financial reporting requirements of the *Workplace Relations Act* 1996. This certificate is not required under the RAO Schedule as it has, in effect, been replaced by the Operating Report.

Committee of Management Certificate

In addition to the Committee of Management certificate (which is required by section 253(2) of the RAO Schedule and Guidelines 16 to 18 of the Registrar's Reporting Guidelines), the accounts contain a 'Committee of Management's Certificate' which refers to the *Industrial Relations Act* 1991.

This is presumably a document that is required to be lodged with the state Commission in New South Wales. There is no requirement under the RAO Schedule to lodge a Committee of Management certificate with the Industrial Registry.

Please do not hesitate to contact Robert Pfeiffer by email at robert.pfeiffer@air.gov.au or on (03) 8661 7817 if you wish to discuss this letter.

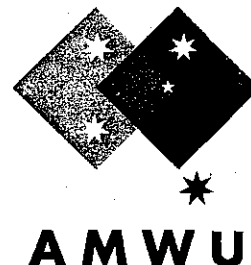
A copy of the financial report has been placed on the website maintained by the Industrial Registry at <http://www.e-airc.gov.au/188V>.

Yours sincerely,



Robert Pfeiffer
Statutory Services Branch

24 May 2007



**AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING AND KINDRED
INDUSTRIES UNION**

NATIONAL COUNCIL

CERTIFICATE OF NATIONAL SECRETARY

I, Doug Cameron, being the National Secretary of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union National Council certify:

- that the documents lodged herewith are copies of the Full Report, referred to in section 268 of the RAO Schedule; and
- that the Full Report was provided to members in the month of January 2007; and
- that the Full Report was presented to a meeting of the Committee of Management of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union National Council on 20th March 2007 in accordance with section 266 of the RAO Schedule.

Doug Cameron – National Secretary

23 March, 2007

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

OPERATING REPORT

The National Council, being the Committee of Management for the purposes of the Workplace Relations Act 1996, presents its operating report of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, National Council for the financial year ended 30 September 2006.

Review of the Union's Principal Activities

The AFMEPKIU's principal industrial objectives are aimed at the improvement of wages and working conditions for members throughout industry. This has been done primarily by way of industrial awards and enterprise agreements. The AFMEPKIU has also been active in trying to influence governments at all levels in a wide range of political issues.

Significant Changes in Nature of Principal Activities

There were no significant changes in the nature of the National Council's principal activities during the financial year.

Results of Principal Activities

The AFMEPKIU National Council's principal activities resulted in a surplus for the financial year, of \$2,277,278.

The National Council keeps its financial records on the cash basis as they relate to the income and expenditure of the National Council.

Significant Changes in the National Council's Financial Affairs

There have been no significant changes in the National Council's Financial Affairs.

The Right of Members to Resign

Rule 43(8) of the AFMEPKIU Rules states that a member may resign his/her membership by notifying his/her State Secretary in writing, addressed and delivered to that officer.

"A notice of resignation from membership takes effect:

- (a) Where the member ceases to be eligible to become a member of the organisation:
 - (i) On the day on which the notice is received by the organisation; or
 - (ii) On the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

whichever is later; or

- (b) In any other case:
 - (i) At the end of two weeks, after the notice is received by the organisation; or
 - (ii) On the day specified in the notice;

whichever is later.

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

OPERATING REPORT (cont'd)

Any dues payable but not paid by a former member of the organisation, in relation to a period before the member's resignation from the organisation took effect, may be sued for and recovered in the name of the organisation, in a court of competent jurisdiction, as a debt due to the organisation.

A notice delivered to the State Secretary shall be taken to have been received by the organisation when it is delivered.

A notice of resignation that has been received by the organisation is not invalid because it was not addressed and delivered to the State Secretary.

A resignation from membership is valid even if it is not effected in accordance with this Rule if the member is informed in writing by or on behalf of the organisation that the resignation has been accepted."

Nothing in Rule 43(8) of the AFMEPKIU Rules interferes with a member's right to resign from the union as set out under section 174(1) of the Workplace Relations Act 1996. In accordance with section 174(1) of the Workplace Relations Act a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

National Officers or Members who are either Directors or Trustees of a Superannuation Entity

The details of each officer or member of the National Council who 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 a superannuation entity or an exempt public sector superannuation scheme; and where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation, are as follows:

Name	Superannuation Fund	Position
Doug Cameron	Australian Super	Trustee/Director- Member Representative
Mike Nicolaidis	Australian Super	Trustee/Director- Member Representative
Glenn Thompson	C+BUS	Member Director
Pat Johnston	C+BUS	Member Director-Alternate
Ian Jones	Motor Trades Association of Australia Superannuation Fund	Member Representation Director
Alex Sachinidis	Motor Trades Association of Australia Superannuation Fund	Member Representation Director
Michelle Burgess	Australian Super – Food & Confectionery Sub-Board	Member Representative
Ray Campbell	Australian Super – Food & Confectionery Sub-Board	Member Representative
Anne Urquhart	Australian Super – Food & Confectionery Sub-Board	Member Representative
Steve Walsh	Australian Printing Industry Superannuation Fund	Trustee/Director Employee Representative
Katrina Ford	Australian Printing Industry Superannuation Fund	Trustee/Director Employee Representative
George Wilson	Australian Printing Industry Superannuation Fund	Trustee/Director Employee Representative

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

OPERATING REPORT (Cont'd)

Name	Superannuation Fund	Position
Stuart Gordon	Australian Printing Industry Superannuation Fund	Trustee/Director Employee Representative
Matthew Lowe	Australian Printing Industry Superannuation Fund	Trustee/Director Employee Representative - Alternate
George Maatouk	AMWU Printing Superannuation Fund	Trustee – Employer Representative
Steve Walsh	AMWU Printing Superannuation Fund	Trustee – Employer Representative
Narelle Barker	AMWU Printing Superannuation Fund	Trustee – Employer Representative
Peter Cozens	AMWU Printing Superannuation Fund	Trustee – Employer Representative

Other Relevant Information

The National Council is not aware of any other relevant information.

Prescribed Information Required Under the Workplace Relations (RAO) Regulations 2003

The number of persons who were recorded in the register of members on 30 September 2006 was 129,925.

The number of persons who were employees of the reporting unit on 30 September 2006 was 331.6, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.

The name of each person who has been a member of National Council, at any time during the reporting period, and the period for which he or she held such a position is as follows:

Name	Period Position Held
Doug Cameron	1 October 2005 to 30 September 2006
Julius Roe	1 October 2005 to 30 September 2006
Glenn Thompson	1 October 2005 to 30 September 2006
Jenni Dowell	1 October 2005 to 30 September 2006
Mike Nicolaidis	1 October 2005 to 30 September 2006
Steve Walsh	1 October 2005 to 30 September 2006
Ian Jones	1 October 2005 to 30 September 2006
Anne Donnellan	1 October 2005 to 30 September 2006
Pat Johnston	1 October 2005 to 30 June 2006
Dave Smith	1 October 2005 to 30 September 2006
Peter Lees	1 October 2005 to 30 September 2006
Paul Bastian	1 October 2005 to 30 September 2006
Dorothy Hilbery	1 October 2005 to 25 July 2006
Dave Oliver	1 October 2005 to 30 September 2006
Paul Wisniewski	1 October 2005 to 30 June 2006
Steve Dargavel	1 October 2005 to 30 September 2006

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

OPERATING REPORT (Cont'd)

Name	Period Position Held
Gayle Tierney	1 October 2005 to 30 September 2006
Jim Reid	1 October 2005 to 30 September 2006
John Camillo	1 October 2005 to 30 September 2006
Jock Ferguson	1 October 2005 to 30 September 2006
Ron Knox	1 October 2005 to 25 July 2006
Jorge Gerard	1 October 2005 to 25 July 2006
Frank Armenio	1 October 2005 to 25 July 2006
Lewis Farrugia	1 October 2005 to 25 July 2006
Andrew Dettmer	1 October 2005 to 30 September 2006
Tim Ayres	1 October 2005 to 30 September 2006
Matthew Lowe	1 October 2005 to 30 September 2006
John Gresty	1 October 2005 to 30 September 2006
Daniel Dougherty	1 October 2005 to 30 September 2006
Anne Urquhart	1 October 2005 to 30 September 2006
Ian Mortimer	1 October 2005 to 30 September 2006
Mark West	25 July 2006 to 30 September 2006
Craig Larner	25 July 2006 to 30 September 2006
Jim O'Neill	25 July 2006 to 30 September 2006
Ross Manuel	25 July 2006 to 30 September 2006
Margaret Hay	25 July 2006 to 30 September 2006
Frank Cherry	25 July 2006 to 30 September 2006

Signed in accordance with a resolution of the National Council



.....
National President -- Julius Roe



.....
National Secretary -- Doug Cameron

12 December 2006

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

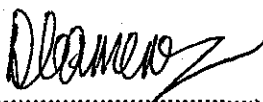
COMMITTEE OF MANAGEMENT'S STATEMENT

On 12 December 2006 the Committee of Management of the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council General Fund passed the following resolution in relation to the general purpose financial report (GPFR) of the Committee of Management for the year ended 30 September 2006.

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

- (a) the financial report and notes comply with the Australian Accounting Standards to the extent disclosed in note 1 to the financial statements;
- (b) the financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the National Council for the financial year ended 30 September 2006;
- (d) there are reasonable grounds to believe that the National Council will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year ended 30 September 2006 and since the end of the financial year:
 - (i) meetings of the National Council were held in accordance with the rules of the organisation; and
 - (ii) the financial affairs of the National Council have been managed in accordance with the rules of the organisation; and
 - (iii) the financial records of the National Council have been kept and maintained in accordance with Schedule 1B to the Workplace Relations Act 1996 and the Workplace Relations (Registration and Accountability of Organisations) Regulations 2003; and
 - (iv) the financial records of the National Council have been kept, as far as practicable, in a consistent manner to each of the other branches of the organisation; and
 - (v) no information has been sought in any request of a member of the National Council or a Registrar under section 272 of Schedule 1B to the Workplace Relations Act 1996; and
 - (vi) no orders have been made by the Industrial Registrar under section 273 of Schedule 1B to the Workplace Relations Act 1996
- (f) during the financial year ended 30 September 2006 the National Council did not participate in any recovery of wages activity.

For the National Council:



.....
National Secretary – Doug Cameron

12 December 2006

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

**INCOME STATEMENT FOR THE
YEAR ENDED 30 SEPTEMBER 2006**

	Note	2006 \$	2005 \$
INCOME			
Contributions		35,276,486	34,985,637
Interest on Investments		1,717,521	1,069,337
Interest on Loans		5,703	5,634
Rent Received	8	3,235,651	5,272,221
Sundry Income	9	<u>430,905</u>	<u>357,924</u>
TOTAL INCOME		<u>40,666,266</u>	<u>41,690,753</u>
EXPENDITURE			
Depreciation			
Buildings		834,627	1,078,368
Computer Installation		212,717	245,558
Furniture & Fittings		68,572	81,547
Motor Vehicles		<u>1,021,345</u>	<u>812,288</u>
		<u>2,137,261</u>	<u>2,217,761</u>
Employee Benefits Expense			
Salaries	14	15,950,222	15,657,083
Redundancies	13	173,331	80,923
Accrued Annual Leave		232,216	318,579
Long Service Leave		445,195	295,118
Fringe Benefits Tax		390,519	368,403
Payroll Tax		273,301	217,249
Superannuation		<u>1,688,868</u>	<u>1,667,945</u>
		<u>19,153,652</u>	<u>18,605,300</u>
State Council Net Expenditure	7	<u>6,409,350</u>	<u>6,014,136</u>

(The attached Notes form part of these Accounts)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

**INCOME STATEMENT FOR THE
YEAR ENDED 30 SEPTEMBER 2006 [Cont'd]**

	Note	2006 \$	2005 \$
EXPENDITURE [Cont'd]			
Other Expenses			
Affiliation Fees		437,628	607,284
Bank and Government Charges		153,451	144,095
Building Expenses		2,197,817	3,783,067
Collectors Expenses		44,795	46,760
Computing	10	984,708	1,240,798
Delegations	11	693,346	787,682
Donations		35,933	502,409
Freight		18,758	24,113
Funeral Benefits		109,925	104,500
General Office Expenses		168,089	218,089
Insurance		117,143	42,440
Interest Paid		129,184	1,404,252
Mailing and Printing - State M/C Cards		820,798	879,013
MISTAS		134,774	119,829
Motor Vehicle Expenses	16	287,451	454,232
Organising Unit		40,063	-
Postage		37,144	10,103
Printing and Distribution - AMWU News		413,524	574,653
Printing and Distribution - Newsletters		163,574	23,181
Printing and Stationery		289,133	172,536
Professional Services	12	267,903	379,414
Publicity		320,795	116,098
Rent Paid	8	2,359,012	1,957,849
Research		222,746	171,436
Telephone		241,031	218,055
		<u>10,688,725</u>	<u>13,981,888</u>
TOTAL EXPENDITURE		<u>38,388,988</u>	<u>40,819,085</u>
OPERATING SURPLUS FOR YEAR		2,277,278	871,668
Surplus/(Deficit) on Disposal of Assets	15	<u>14,864,474</u>	<u>(3,985)</u>
NET SURPLUS FOR YEAR		<u>17,141,752</u>	<u>867,683</u>

(The attached Notes form part of these Accounts)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

BALANCE SHEET AS AT 30 SEPTEMBER 2006

	Note	2006 \$	2005 \$
ACCUMULATED FUNDS		<u>58,921,487</u>	<u>41,779,735</u>
Represented by Net Assets as follows			
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	1,767,724	2,675,314
Receivables	6	2,115,348	1,053,966
Investments			
Short Term Deposits		30,735,873	23,739,788
Sundry Investments		<u>413,854</u>	<u>402,417</u>
		<u>31,149,727</u>	<u>24,142,205</u>
Total Current Assets		<u>35,032,799</u>	<u>27,871,485</u>
Non Current Assets			
Property, Plant and Equipment	4	39,337,167	45,438,307
Investments			
Sundry Investments		379,990	692,034
Receivables			
Loan secured by mortgage	24	<u>-</u>	<u>366,528</u>
Total Non Current Assets		<u>39,717,157</u>	<u>46,496,869</u>
TOTAL ASSETS		<u>74,749,956</u>	<u>74,368,354</u>

(The attached Notes form part of these Accounts)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

BALANCE SHEET AS AT 30 SEPTEMBER 2006 (Cont'd)

	Note	2006 \$	2005 \$
LESS LIABILITIES			
Current Liabilities			
Payables			
Sundry Creditors		68,008	13,332
Trust - Grants (including M.E.R.T)		132,521	385,172
National Council Political Fund		1,344,505	1,086,263
Hardship Fund	18	6,244,405	4,873,732
Education Fund	19	1,693,865	1,539,380
Vehicle Division Education Fund	20	68,958	63,692
Fairfax Chapel Dispute Fund		40,555	40,555
Australian Printing Federation		33,023	33,023
ABM Plastics Distress Fund		-	647,249
York Endowment		46,313	46,313
		<u>9,672,153</u>	<u>8,728,711</u>
Employee Entitlements			
Employee Entitlements for Annual Leave		2,706,712	2,749,513
Employee Entitlements for Long Service Leave		3,104,274	2,886,139
		<u>5,810,986</u>	<u>5,635,652</u>
Total Current Liabilities		<u>15,483,139</u>	<u>14,364,363</u>
Non Current Liabilities			
Interest-bearing Liabilities			
Bank Bills Payable (secured)		-	17,800,000
Employee Entitlements			
Employee Entitlements for Long Service Leave		345,330	424,256
Total Non Current Liabilities		<u>345,330</u>	<u>18,224,256</u>
TOTAL LIABILITIES		<u>15,828,469</u>	<u>32,588,619</u>
NET ASSETS		<u>58,921,487</u>	<u>41,779,735</u>

(The attached Notes form part of these Accounts)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

	Accumulated Funds
	\$
Balance at 1 October 2004	40,912,052
Net Surplus for the Year	<u>867,683</u>
Balance at 30 September 2005	41,779,735
Net Surplus for the Year	<u>17,141,752</u>
Balance at 30 September 2006	<u>58,921,487</u>

(The attached Notes form part of these Accounts)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL GENERAL FUND

**CASH FLOW STATEMENT FOR THE
YEAR ENDED 30 SEPTEMBER 2006**

	Note	2006 \$	2005 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Contributions Received		35,276,486	34,985,637
Payments to Suppliers and Employees		(35,568,923)	(36,498,372)
Interest Received		1,803,757	1,216,131
Rent Received		2,014,781	3,729,071
Sundry Income		430,905	357,924
NET CASH PROVIDED BY OPERATING ACTIVITIES	21(b)	<u>3,957,006</u>	<u>3,790,391</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Investments		312,044	467,456
Proceeds from Sale of Property, Plant and Equipment		28,175,254	335,884
Receipts for Other Funds		2,923,682	3,516,831
Payments for Property, Plant and Equipment		(9,346,901)	(2,677,568)
Payments for Investments		(11,437)	(18,844)
Payments for Other Funds		(1,848,567)	(1,560,156)
Repayment of Bank Bills		(17,800,000)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>2,404,075</u>	<u>63,603</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts on Behalf of Grants		612,961	311,570
Payments on Behalf of Grants		(885,547)	(691,505)
NET CASH (USED IN) FINANCING ACTIVITIES		<u>(272,586)</u>	<u>(379,935)</u>
NET INCREASE IN CASH HELD		6,088,495	3,474,059
Cash at Beginning of Year		<u>26,415,102</u>	<u>22,941,043</u>
CASH AT END OF YEAR	21(a)	<u>32,503,597</u>	<u>26,415,102</u>

(The attached Notes form part of these Accounts)

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

1. SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Workplace Relations Act 1996, with the exception that the financial report has been prepared on the cash basis rather than the accrual basis as required by applicable Accounting Standards. The Union has determined to adopt the cash basis of accounting in the preparation of the financial reports of national council and all branches following advice from the Australian Industrial Registry that the terms of section 252(3) of the Workplace Relations Act 1996 in effect create a standing exemption from the Australian Accounting Standard that mandates accrual accounts. Section 253(3) states that financial records of an organisation may, so far as they relate to the income and expenditure of the organisation, be kept on a cash basis or accrual basis, at the option of the organisation.

Compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS) except for:

- Segment reporting because AASB 114 "Segment Reporting" does not apply to not-for-profit organisations.
- Impairment of assets under AASB 136 "Impairment of assets"

BASIS OF PREPARATION

The financial report is for the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council, and in accordance with the Workplace Relations Act, 1996 the National Council is a reporting unit. The Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union is an organisation registered under the Workplace Relations Act. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the National Council are not subject to the Corporations Act 2001.

The financial report has been prepared on a cash basis as regards the income and expenditure of the National Council and on the basis of historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. Cost is based on fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

This is the first financial report prepared under AIFRS and AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these statements. Comparatives for the year ended 30 September 2005, have been restated accordingly.

There have been no adjustments required to assets, liabilities or accumulated funds as a result of the introduction of AIFRS.

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The following is a summary of the significant accounting policies adopted by the National Council in the preparation and presentation of the financial report:

a) Revenue

All membership contributions are paid direct to the National Council and are accounted for on a cash receipts basis.

b) Property, Plant and Equipment

All Property, Plant and Equipment including those located at State Council Offices are recorded in the Balance Sheet of the National Council General Fund and all depreciation thereon is reflected in the National Council General Fund Income Statement.

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the union commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are:

Buildings	2.5%
Office Furniture and Equipment	10% - 20%
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the income statement in the year that the item is derecognised.

c) Impairment

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing value in use of assets not held primarily to generate cash, this represents depreciated current replacement cost, as the Union is a not-for profit organisation.

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION
NATIONAL COUNCIL GENERAL FUND**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Employee Benefits

Provisions for employee benefits in the form of Annual Leave and Long Service Leave have been made for the estimated entitlements of all employees including those working at State Council offices, on the basis of their terms of employment.

In the case of Long Service Leave, the provision has been measured by reference to periods of service and current salary rates as it is considered that this results in an amount not materially different to that achieved by discounting estimated future cash flows.

Contributions are made by the Union to employee superannuation funds and are charged as expenses when incurred.

e) Income Tax

No provision for Income Tax is necessary as the Union is exempt from income tax under Section 50 - 15 of the Income Tax Assessment Act.

f) Goods and Services Tax (GST)

Revenues and expenses are recognised net of GST, except:

- (a) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of an item of expense; or
- (b) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables as appropriate.

Cash flows are included in the statement of cash flows on a gross basis.

g) Investments

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date, which is the date on which the entity commits to purchase, or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Short Term Deposits and Sundry Investments

Short Term Deposits and Sundry Investments are stated at cost.

(h) Accounting Standards Issued But Not Yet Effective

There have been no accounting standards issued which will impact the financial report in future periods and which are not yet effective.

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 (Cont'd)**

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The National Council makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of asset and liabilities.

(b) Critical judgments in applying the National Council's accounting principles

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities.

3. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act, 1996, the attention of members is drawn to the provisions of Sub-Sections (1), (2) and (3) of Section 272 of Schedule 1B which read as follows:

- 1) A member of a reporting unit, or registrar, 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)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION
NATIONAL COUNCIL GENERAL FUND**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 (Cont'd)**

	2006 \$	2005 \$
4. PROPERTY, PLANT AND EQUIPMENT		
Computer Equipment		
Cost	8,158,035	7,961,454
Less Accumulated Depreciation	<u>(7,599,389)</u>	<u>(7,447,337)</u>
	<u>558,646</u>	<u>514,117</u>
Furniture and Fittings		
Cost	4,802,300	4,758,918
Less Accumulated Depreciation	<u>(4,546,118)</u>	<u>(4,475,252)</u>
	<u>256,182</u>	<u>283,666</u>
Motor Vehicles		
Cost	5,408,447	4,978,401
Less Accumulated Depreciation	<u>(1,714,962)</u>	<u>(1,586,483)</u>
	<u>3,693,485</u>	<u>3,391,918</u>
PROPERTIES - Cost		
Land	4,330,000	6,780,000
Buildings	<u>41,458,723</u>	<u>47,047,594</u>
	45,788,723	53,827,594
Less Accumulated Depreciation on Buildings	<u>(10,959,869)</u>	<u>(12,578,988)</u>
	<u>34,828,854</u>	<u>41,248,606</u>
TOTAL PROPERTY PLANT & EQUIPMENT	<u>39,337,167</u>	<u>45,438,307</u>

SALE OF PROPERTY

On 14th September 2005 the union entered into a contract for the sale of the Elizabeth Street Property for the amount of \$28,000,000. Settlement took place on 14 November 2005, the written down value of the property as at 30 September 2005 was \$12,488,303 and after costs incurred by the union in relation to the sale of \$666,465, resulted in a profit on sale of \$14,845,232.

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 (Cont'd)**

4. PROPERTY, PLANT AND EQUIPMENT(Cont'd)

MOVEMENTS IN CARRYING AMOUNTS

	Computer Equipment \$	Furniture and fittings \$	Motor Vehicles \$	Land and Buildings \$	Total \$
Balance at 1 October 2005	514,117	283,666	3,391,918	41,248,606	45,438,307
Additions	257,931	41,088	2,145,389	6,903,178	9,347,586
Disposals	(685)	-	(822,477)	(12,488,303)	(13,311,465)
Depreciation	(212,717)	(68,572)	(1,021,345)	(834,627)	(2,137,261)
Balance at 30 September 2006	<u>558,646</u>	<u>256,182</u>	<u>3,693,485</u>	<u>34,828,854</u>	<u>39,337,167</u>

	Note	2006 \$	2005 \$
5. CASH AND CASH EQUIVALENTS			
Advances and Floats		118,362	98,224
Bank Accounts			
National Council General Fund		825,643	1,941,741
State Council General Fund Accounts	7	88,381	167,372
Recoverable Deposits		13,253	13,052
Cash in Transit		722,085	454,925
		<u>1,767,724</u>	<u>2,675,314</u>

6. RECEIVABLES			
IR Campaign fund			
Campaign Payments		537,237	-
Less Contributions		(235,928)	-
		<u>301,309</u>	-
Loan secured by Mortgage	24	372,231	-
National Entitlement Security Trust		1,120,173	859,682
Sundry Debtors		321,635	194,284
		<u>2,115,348</u>	<u>1,053,966</u>

National Council has transferred monies to Nest in order to secure the current provision of long service leave entitlements for its employees, officers and officials.

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 (Cont'd)**

	2006 \$	2005 \$
7. STATE COUNCIL BANK BALANCES		
Bank Balances at Beginning of Year	167,372	(6,105)
Add Remittance to State Council General Fund	6,385,887	6,241,018
Add Remittance to State Council LPA	43,201	44,483
	<u>6,596,460</u>	<u>6,279,396</u>
Less State Council Payments (Net)	(6,508,079)	(6,112,024)
Bank Balances at end of year	<u>88,381</u>	<u>167,372</u>
State Council Payments comprise:		
State Council Net Expenditure	6,409,350	6,014,136
Movement in State Council Debtors/Creditors	98,729	97,888
	<u>6,508,079</u>	<u>6,112,024</u>
8. RENTS RECEIVED/RENTS PAID		
Rents applicable to the Union's occupancy of its own premises are assessed at market value and included in these financial accounts as both Rents Received and Rents Paid.	<u>1,220,870</u>	<u>1,645,898</u>
9. SUNDRY INCOME		
Lease of Equipment	32,171	28,364
Sundry	66,209	49,896
Dividend Received	106,914	129,379
Service Training Fees	225,611	150,285
	<u>430,905</u>	<u>357,924</u>
10. COMPUTING		
Consultancy Fees	120,872	345,524
Maintenance	201,307	229,775
Software	216,294	96,220
Other	64,866	222,881
Data Lines	381,369	346,398
	<u>984,708</u>	<u>1,240,798</u>

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 [Cont'd]**

	2006 \$	2005 \$
11. DELEGATIONS		
Employees- Office Holders	183,856	137,552
Employees- Other	268,245	464,442
Members	<u>57,471</u>	<u>19,864</u>
	<u>509,572</u>	<u>621,858</u>
International- Office Holders	121,559	40,430
International- Other	<u>62,215</u>	<u>125,394</u>
	<u>693,346</u>	<u>787,682</u>
12. PROFESSIONAL SERVICES		
Auditors		
Audit Fees	70,475	71,500
Other Services	-	5,100
	<u>70,475</u>	<u>76,600</u>
Legal Expenses	<u>197,428</u>	<u>302,814</u>
	<u>267,903</u>	<u>379,414</u>
13. SALARIES - REDUNDANCIES		
Payments to Employees	25,761	-
Payments to Officials	<u>147,570</u>	<u>80,923</u>
	<u>173,331</u>	<u>80,923</u>
14. SALARIES		
Employees	3,700,816	3,803,287
Officials	3,426,224	3,135,500
Officers	<u>8,823,182</u>	<u>8,718,296</u>
	<u>15,950,222</u>	<u>15,657,083</u>
15. SURPLUS (DEFICIT) ON DISPOSAL OF ASSETS		
Motor Vehicles	19,242	(3,985)
Properties	<u>14,845,232</u>	<u>-</u>
	<u>14,864,474</u>	<u>(3,985)</u>

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 [Cont'd]**

	2006 \$	2005 \$
16. MOTOR VEHICLE EXPENSES		
Leasing	11,624	210,665
Registrations and Running Expenses	<u>275,827</u>	<u>243,567</u>
	<u>287,451</u>	<u>454,232</u>
17. OPERATING LEASE COMMITMENTS		
In respect of computer equipment and motor vehicles, payable:		
- not later than 1 year	507	11,495
- later than 1 year but not later than 5 years	<u>-</u>	<u>1,014</u>
	<u>507</u>	<u>12,509</u>
18. HARDSHIP FUND		
Balance brought forward	4,873,732	3,574,090
Add Contributions	1,480,455	1,545,472
Less Benefit Payments	<u>(109,782)</u>	<u>(245,830)</u>
	<u>6,244,405</u>	<u>4,873,732</u>
19. EDUCATION FUND		
Balance brought forward	1,539,380	1,439,854
Add Contributions	495,328	515,157
Less Amounts Expended on Education Projects	<u>(340,843)</u>	<u>(415,631)</u>
	<u>1,693,865</u>	<u>1,539,380</u>
20. VEHICLE DIVISION EDUCATION FUND		
Balance brought forward	63,692	62,070
Add Contributions	23,041	28,773
Less Amounts Expended on Education Projects	<u>(17,775)</u>	<u>(27,151)</u>
	<u>68,958</u>	<u>63,692</u>

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 [Cont'd]**

	Note	2006 \$	2005 \$
21. CASH FLOW INFORMATION			
a) For the purposes of the cash flow statement, cash includes cash on hand and at call deposits with banks and other financial institutions.			
Cash and Bank Balances	5	1,767,724	2,675,314
Short Term Deposits		<u>30,735,873</u>	<u>23,739,788</u>
		<u>32,503,597</u>	<u>26,415,102</u>
b) Reconciliation of Cash Flow from Operations with Net Surplus			
Net Surplus		17,141,752	867,683
Non-Cash Flows in Net Surplus			
Depreciation		2,137,261	2,217,761
Deficit/(Surplus) on Disposal of Assets		(14,864,474)	3,985
Transfer of Interest to Other Funds		86,236	85,741
Changes in Assets and Liabilities			
Increase/(Decrease) in Creditors		54,676	(100,645)
Decrease in Accrued Interest		-	61,053
Decrease in Prepayments		-	702,969
Increase in Employee Entitlements		96,409	136,276
(Increase) in Receivables		<u>(694,854)</u>	<u>(184,432)</u>
CASH FLOWS FROM OPERATIONS		<u>3,957,006</u>	<u>3,790,391</u>

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 [Cont'd]**

22. FINANCIAL INSTRUMENTS

Interest Rate Risk

The Union's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

30 September 2006	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
	\$	\$	\$	\$
Financial Assets				
Cash Assets	1,636,109	-	131,615	1,767,724
Receivables	1,120,173	372,231	622,944	2,115,348
Investments (< 1 year)	413,854	-	-	413,854
Short term deposits	30,735,873	-	-	30,735,873
	<u>33,906,009</u>	<u>372,231</u>	<u>754,559</u>	<u>35,032,799</u>
Weighted average Interest rate	5.72%	1.50%		
Financial Liabilities				
Payables	-	-	68,008	68,008
	<u>-</u>	<u>-</u>	<u>68,008</u>	<u>68,008</u>
Net financial assets	<u>33,906,009</u>	<u>372,231</u>	<u>686,551</u>	<u>34,964,791</u>
30 September 2005				
Financial Assets				
Cash Assets	2,564,038	-	111,276	2,675,314
Receivables	859,682	366,528	194,284	1,420,494
Investments (< 1 year)	402,417	-	-	402,417
Short term deposits	23,739,788	-	-	23,739,788
	<u>27,565,925</u>	<u>366,528</u>	<u>305,560</u>	<u>28,238,013</u>
Weighted average Interest rate	5.27%	1.50%		
Financial Liabilities				
Payables	-	-	13,332	13,332
Commercial Bills	-	17,800,000	-	17,800,000
	<u>-</u>	<u>17,800,000</u>	<u>13,332</u>	<u>17,813,332</u>
Weighted average Interest rate		6.10%		
Net financial assets/(liabilities)	<u>27,565,925</u>	<u>(17,433,472)</u>	<u>292,228</u>	<u>10,424,681</u>

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 [Cont'd]**

22. FINANCIAL INSTRUMENTS (Cont'd)

Credit Risk Exposure

Credit risk is the risk that counterparties to a financial asset will fail to discharge their obligations, causing the National Council to incur a financial loss.

The credit risk exposure of the Union to financial assets which have been recognised in the Statement of Financial Position is generally the carrying amounts, net of any provisions for doubtful debts.

The carrying amounts of cash and non-interest bearing monetary financial assets and liabilities (eg receivables and payables) approximate net fair values.

23. SUPERANNUATION

Superannuation plans are defined contribution plans. The benefits provided under these plans are based on accumulated contributions and earnings for each employee. The Union's liability is limited to paying the contributions to the plans.

24. RELATED PARTIES

- (i) In accordance with a resolution of National Council an interest bearing loan of \$360,000 secured by mortgage over land and buildings was made to the National Secretary on 3 August 2004. As at 30 September 2006 the loan amount is \$372,231.
- (ii) The aggregate amount of remuneration paid to office holders during the financial year is disclosed in the income statement under Salaries Officials and Salaries Redundancies as disclosed at note 14 and 13 to the accounts respectively.
- (iii) The aggregate amount paid during the financial year to a superannuation plan in respect of office holders was \$622,065 (2005:\$711,822)
- (iv) There have been no other transactions between the office holders and the union other than those relating to their membership of the union and reimbursement by the union in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

25. ADDITIONAL INFORMATION

The registered office and principal place of business of the union is:

Level 4,
133 – 137 Parramatta Road
Granville NSW 2142

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 [Cont'd]**

26. CONTINGENT LIABILITIES

	2006	2005
	\$	\$
Estimates of the maximum amounts of contingent liabilities that may become payable:		
A claim has been brought against the Union by Bell a Bike Rottnest Pty Ltd. The amount disclosed is based on legal advice and represents the maximum amount that the Western Australian Branch may be liable for.	4,000,000	4,000,000
A claim has been brought against the Union and two of its officials by United Group Infrastructure Pty Ltd and United Resources Pty Ltd. The amount disclosed is based on legal advice and represents the maximum amount that the Western Australian Branch may be liable for.	4,000,000	-
A claim has been brought against the Union and thirty seven of its members by Total Corrosion Control Pty Ltd. The amount disclosed is based on legal advice and represents the maximum amount that the Western Australian Branch may be liable for.	4,000,000	-
The above actions are being vigorously defended by the Union.		
TOTAL	<u>12,000,000</u>	<u>4,000,000</u>

27. COMMITMENT

During the year the union has entered into a contract for the development of the Queensberry Street Carlton property at a cost of \$7,910,371 (including GST) with a subsequent variation increasing the contract to \$9,009,442 (including GST). At 30 September 2006 the outstanding capital commitment in respect of the development was \$1,778,701 (including GST).

AUTOMOTIVE, FOOD, METALS, ENGINEERING,

PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL GENERAL FUND

INDEPENDENT AUDIT REPORT

To the members of the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union, National Council General Fund.

Scope

The Financial Report and the Responsibility of the Committee of Management and the National Secretary

The financial report comprises the income statement, balance sheet, statement of changes in accumulated funds, cash flow statement and accompanying notes to the financial statements and the Committee of Management's Statement for the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union, National Council General Fund, for the year ended 30 September 2006.

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

Audit Approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the union. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Workplace Relations Act 1996, including compliance with Accounting Standards to the extent disclosed in Note 1 to the financial statements and other mandatory professional reporting requirements in Australia a view which is consistent with our understanding of the union's financial position and its performance as represented by the results of its operations and cash flows.

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

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Committee of Management and the National Secretary.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Workplace Relations Act 1996.

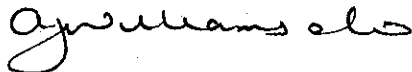
**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION
NATIONAL COUNCIL GENERAL FUND**

INDEPENDENT AUDIT REPORT (Cont'd)

Audit Opinion

In our opinion:

- (a) the financial report of Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union, National Council General Fund is in accordance with the Workplace Relations Act 1996, including:
 - (i) giving a true and fair view of the Union's financial position as at 30 September 2006 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards to the extent disclosed in Note 1 to the financial statements; and
 - (iii) complying with any other requirements of the RAO; and
- (b) the financial report of Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union, National Council General Fund is in accordance with other mandatory professional reporting requirements in Australia.



A.J. WILLIAMS & CO.
Chartered Accountants.



D. S. MCLEAN
Registered Company Auditor.
SYDNEY NSW 2000

13 December 2006

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

	2006	2005
	\$	\$
INCOME		
Contributions	782,003	779,646
Interest Received	<u>66,567</u>	<u>58,119</u>
TOTAL INCOME	<u>848,570</u>	<u>837,765</u>
 EXPENDITURE		
Affiliation Fees	488,723	458,617
Audit and Accountancy Fees	400	7,955
Bank and Government Charges	265	347
Consultancy	11,426	10,000
Delegation Expenses - Members	1,263	75,409
Donations	74,000	185,455
Marginal Seats Campaign	-	23,277
Postage, Printing & Stationery	<u>14,247</u>	<u>120,729</u>
TOTAL EXPENDITURE	<u>590,324</u>	<u>881,789</u>
 SURPLUS (DEFICIT) FOR YEAR	 <u>258,246</u>	 <u>(44,024)</u>

[The attached Notes form part of these Accounts]

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

BALANCE SHEET AS AT 30 SEPTEMBER 2006

	2006	2005
	\$	\$
ACCUMULATED FUNDS	<u>1,350,919</u>	<u>1,092,673</u>
Represented by Net Assets as follows:		
ASSETS		
Cash at Bank	6,414	6,415
National Council General Fund	<u>1,344,505</u>	<u>1,086,258</u>
	<u>1,350,919</u>	<u>1,092,673</u>
LESS LIABILITIES		
Sundry Creditors	<u>-</u>	<u>-</u>
NET ASSETS	<u>1,350,919</u>	<u>1,092,673</u>

[The attached Notes form part of these Accounts]

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

	Accumulated Funds
	\$
Balance at 1 October 2004	1,136,697
(Deficit) for the year	<u>(44,024)</u>
Balance at 30 September 2005	1,092,673
Surplus for the year	<u>258,246</u>
Balance at 30 September 2006	<u>1,350,919</u>

[The attached Notes form part of these Accounts]

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

	Note	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		782,003	779,646
Interest Received		66,567	58,119
Payments to Suppliers		(848,571)	(832,578)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	3(b)	<u>(1)</u>	<u>5,187</u>
NET(DECREASE) INCREASE IN CASH HELD		(1)	5,187
Cash at Beginning of Year		<u>6,415</u>	<u>1,228</u>
CASH AT END OF YEAR	3(a)	<u>6,414</u>	<u>6,415</u>

[The attached Notes form part of these Accounts]

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

1. SIGNIFICANT ACCOUNTING POLICIES

This financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations, with the exception that the financial report has been prepared on the cash basis rather than the accrual basis as required by applicable Accounting Standards. The Union has determined to adopt the cash basis of accounting in the preparation of the financial reports of national council and all branches following advice from the Australian Industrial Registry that the terms of section 252(3) of the Workplace Relations Act 1996 in effect create a standing exemption from the Australian Accounting Standard that mandates accrual accounts. Section 253(3) states that financial records of an organisation may, so far as they relate to the income and expenditure of the organisation, be kept on a cash basis or accrual basis, at the option of the organisation.

Compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS) except for:

- Segment reporting because AASB 114 "Segment Reporting" does not apply to not-for-profit organisations.
- Impairment of assets under AASB 136 "Impairment of assets"

BASIS OF PREPARATION

The financial report is for the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council Political Fund. The Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union is an organisation registered under the Workplace Relations Act. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the National Council are not subject to the Corporations Act 2001.

The financial report has been prepared on a cash basis as regards the income and expenditure of the National Council Political Fund and on the basis of historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. Cost is based on fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

This is the first financial report prepared under AIFRS and AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these statements. Comparatives for the year ended 30 September 2005, have been restated accordingly.

There have been no adjustments required to assets, liabilities or accumulated funds as a result of the introduction of AIFRS.

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The following is a summary of the significant accounting policies adopted by the National Council Political Fund in the preparation and presentation of the financial report:

- (a) Contributions are accounted for on a cash receipts basis.
- (b) No provision for Income Tax is necessary as the Union is exempt from Income Tax under Section 50 - 15 of the Income Tax Assessment Act.
- (c) Goods and Services Tax (GST)

Revenues and expenses are recognised net of GST, except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables as appropriate.

Cash flows are included in the statement of cash flows on a gross basis.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The National Council makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of asset and liabilities.

(b) Critical judgments in applying the National Council's accounting principles

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities.

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006 (Cont'd)**

	2006	2005
	\$	\$
3. CASH FLOW INFORMATION		
a) For the purposes of the cash flow statement, cash includes cash on hand and at call deposits with banks and other financial institutions.		
Cash and Bank Balances	<u>6,414</u>	<u>6,415</u>
b) Reconciliation of Cash Flow from Operations with Surplus (Deficit)		
Surplus (Deficit)	258,246	(44,024)
Changes in Assets and Liabilities		
Decrease in Prepayments	-	14,940
Decrease in Sundry Debtors	-	492
(Increase) Decrease in National Council General Fund	<u>(258,247)</u>	<u>33,779</u>
CASH FLOWS (USED IN) PROVIDED BY OPERATIONS	<u>(1)</u>	<u>5,187</u>

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

INDEPENDENT AUDIT REPORT

To the members of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union.

SCOPE

We have audited the financial report of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, National Council Political Fund for the year ended 30 September 2006 as set out on pages 1 to 7. The Union's Committee of Management and National Secretary are responsible for the preparation and presentation of the financial report and the information it contains. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Union.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian accounting standards to the extent disclosed in Note 1 to the financial statements and other mandatory professional reporting requirements in Australia and other statutory requirements so as to present a view of the Political Fund 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 followed applicable independence requirements of Australian professional ethical pronouncements.

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL POLITICAL FUND

INDEPENDENT AUDIT REPORT (Continued)

AUDIT OPINION

We have received all the information and explanations required for the purposes of our audit.

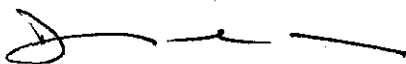
In our opinion:

- (i) There were kept by the Union in respect of the year under review, satisfactory records detailing the sources and nature of income of the Political Fund [including income from members] and the nature and purposes of expenditure, and
- (ii) The financial report has been prepared from the accounting records of the Union and is properly drawn up so as to give a true and fair view of:
 - (a) the financial position of the Political Fund as at 30 September 2006; and
 - (b) the financial performance of the Political Fund for the year ended on that date;

and is in accordance with Australian Accounting Standards to the extent disclosed in Note 1 to the financial statements and other mandatory professional reporting requirements in Australia .



A.J. WILLIAMS & CO.
Chartered Accountants.



DAVID McLEAN.
Registered Company Auditor.
2 Market Street,
SYDNEY NSW 2000

13 December 2006