



FAIR WORK
AUSTRALIA

5 April 2011

Mr John Short
State Secretary
"Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union" known as the
Australian Manufacturing Workers' Union (AMWU)
28 Station Street
Moonah Tasmania 7009

By email: john.short@amwu.asn.au

Dear Mr Short,

Re: Fair Work (Registered Organisations) Act 2009 (RO Act) financial reports for year ended 30 September 2010 for Tasmanian Branch FR2010/2806

I refer to the above financial report for the AMWU Tasmanian Branch for the year ended September 2010 which was lodged 9 March 2011. The financial report has now been filed.

Comments to assist future financial reports

I draw your attention to the Reporting Guidelines of the General Manager of FWA made pursuant to s255 of the RO Act. Reporting guidelines 14(c) and (d) require reporting units to disclose in the Liabilities of the Balance Sheet any employee benefits (such as long service leave) in respect of office holders and any employee benefits in respect of employees other than office holders. In future please ensure such employee benefits are disclosed in the balance sheet. I have discussed this with the AMWU's National Finance Officer Warren Soos, and have enclosed the relevant correspondence for your information.

I also draw your attention to the Statement of Financial Position contained on page 6 of the financial report. I note that no provisions have been made regarding liabilities. In future please ensure that details regarding liabilities are included in the financial reports of the Tasmanian Branch.

If you have any queries regarding the matters referred to in this letter, please contact me on (03) 8661 7988 or by email at olaf.richter@fwa.gov.au.

Yours sincerely,

Olaf Richter
Tribunal Services and Organisations
Fair Work Australia

Enc.



FAIR WORK
AUSTRALIA

5 April 2011

Mr Warren Soos
National Finance Officer
"Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union" known as the
Australian Manufacturing Workers' Union (AMWU)
PO Box 160
Granville NSW 2142

By email: warren.soos@amwu.asn.au

Dear Mr Soos,

Re: Declaration of Employee Benefits and Liabilities in Financial Reports

I refer to our recent telephone conversation in relation to the recently lodged financial reports for the State Branches of the AMWU. As discussed, there is an issue with regard to the provisions relating to employee benefits and liabilities contained in the documents. Items 1a)(ii) and (iii) in the various Branches' notes to the financial statements seek to provide for employees' salaries and entitlements by reference to the financial report of the National Council. Although it would appear that method of reporting this has been accepted in previous years, I advise that this practice will no longer be accepted in the future.

Pursuant to s.242(3) of the *Fair Work (Registered Organisations) Act 2009*, each Branch of the AMWU is a reporting unit and, as such, is obliged to disclose the information required by the Reporting Guidelines pursuant to s.253(2)(b)(ii). The Reporting Guidelines ('RG') at 14(c) and (d) require that employee benefits (liabilities) must be disclosed by each reporting unit in the notes to the financial statements unless already disclosed on the face of the balance sheet. Further, RG 11 lists a range of expenses that **must** be disclosed and items (g) and (h) relate to employee benefits to office holders and employees respectively. Employee benefits is defined in RG 28 as 'all forms of consideration given by the reporting unit in exchange for services rendered by holders of office or employees'.

Section 253(3) states that financial statements must give a true and fair view of the financial position and performance of the reporting unit. Further they must comply with the Australian Accounting Standards ('AAS'). In respect to Employee Benefits, AASB 119 states that a liability relates to when an employee has provided service in exchange for employee benefit in the future (e.g. long service leave) and an expense relates to the time of mutual exchange (e.g. work undertaken in exchange for salary paid). Fair Work Australia believes that the current method in your financial reports of referencing another reporting unit's financial return is insufficient to meet the obligations imposed by the RG and the legislation. I note your confirmation that the relevant employees are engaged under a contract of employment with each individual AMWU reporting unit. Therefore, salaries and entitlements such as long services leave must be disclosed by the individual Branch in relation to its employees.

Further, I note your advice that the figures provided for each reporting units' financial reports includes the amount paid for fees, allowances and expenses in relation to the attendance of employees at conferences, etc. RG 11 (i) and (k) requires that expenses relevant to these

matters must be itemised. Accordingly, in future financial reports, the Delegation/Employee expenses should be itemised, in accordance with RG 11, in order to provide more insight as to the nature of these expenses.

As already stated, the financial reports as lodged will be filed. It is noted that the 2010 reports for some reporting units appear to have already been filed. In future however, strict compliance with the RG will be required and we seek that you take the above information into consideration.

If you have any queries regarding the matters referred to in this letter, please contact Mr. Olaf Richter on (03) 8661 7988 or via email olaf.richter@fwa.gov.au.

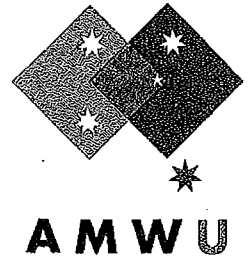
Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Olaf Richter', is positioned above the typed name.

Olaf Richter
Tribunal Services and Organisations
Fair Work Australia

Cc: Timothy Ayers, NSW State Secretary; timothy.ayers@amwu.asn.au
John Camillo, South Australian State Secretary; john.camillo@amwu.asn.au
John Short, Tasmanian State Secretary; john.short@amwu.asn.au
Steve Dargavel, Victorian State Secretary; steve.dargavel@amwu.asn.au
Steven McCartney, Western Australian State Secretary; steven.mccartney@amwu.asn.au
Andrew Dettmer, Queensland State Secretary; andrew.dettmer@amwu.asn.au.

FR2010/2806



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

TASMANIAN STATE COUNCIL

CERTIFICATE OF STATE SECRETARY

I John Short, being the State Secretary of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union Tasmanian State Council certify:

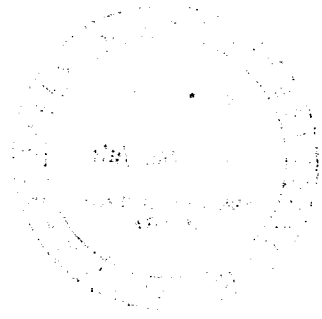
- that the documents lodged herewith are copies of the Full Report, referred to in section 268 of the Fair Work (Registered Organisations) Act 2009; and
- that the Full Report was provided to members in the month of January 2011; and
- that the Full Report was presented to a meeting of the Committee of Management of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union Tasmanian State Council on 23rd February 2011 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

State Secretary
John Short

Signature

Date 23rd February 2011

Australian Manufacturing
Workers' Union
Registered as AFMEPKIU
TASMANIAN STATE OFFICE
28 Station Street
MOONAH, Tas. 7009
Tel. (03) 6228 7099
Fax. (03) 6228 7503
Email: amwutas@amwu.asn.au



FR2010/2806



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

TASMANIAN BRANCH

FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2010

AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING & KINDRED INDUSTRIES UNION

TASMANIAN BRANCH

OPERATING REPORT

The State Council, being the Committee of Management for the purposes of the Fair Work (Registered Organisations) Act 2009, presents its operating report of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, Tasmanian Branch for the financial year ended 30 September 2010

Review of the State'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 Principal Activities

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

Results of Principal Activities

The AFMEPKIU Tasmanian State Branch's principal activities resulted in a surplus for the financial year of \$8,757.

Significant Changes in Financial Affairs

There were no significant changes in the financial affairs of the Branch during the financial year.

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.

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

AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING & KINDRED INDUSTRIES UNION

TASMANIAN BRANCH

OPERATING REPORT (cont'd)

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 Fair Work (Registered Organisations) Act 2009. In accordance with section 174(1) of the Fair Work (Registered Organisations) Act 2009 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.

State Officers or Members who are Trustees of a Superannuation Entity

There were no officers or members of the Tasmanian Branch who were trustees 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.

Other Relevant Information

The Tasmanian Branch is not aware of any other relevant information.

Prescribed Information Required Under the Fair Work (Registered Organisations) Regulations 2009

- (a) The number of persons who were recorded in the register of members on 30 September 2010 was 2,623.
- (b) The number of persons who were employees of the reporting unit on 30 September 2010 was 6, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.
- (c) The name of each person who has been a member of State Council, at any time during the reporting period, and the period for which he or she held such a position is as follows:

AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING & KINDRED INDUSTRIES UNION

TASMANIAN BRANCH

OPERATING REPORT (cont'd)

Name	Period Position Held
Darren Clark	State President Effective from 17 th July 2006 Appointed at State Council Meeting 24 th May 2006 Hon Secretary TSA Division
Anne Urquhart	State Secretary Resigned August 18 th 2010
John Short	State Secretary Commenced Duties on August 18 th 2010
Rodney Graham	State Vice President
Donna Sargent	Hon. Regional Secretary – Print Division State Organiser (left 12/5/2010)
Paul Hobson	Hon. Regional Secretary – Food & Confectionery Division
Ian Drake	State Councillor
Sue Creed	State Councillor
Nigel Warren	State Councillor
Darryl Bessell	State Councillor (left 12/5/2010)
Ken Norton	State Councillor
Mitchell Best	State Councillor
Dean Smith	State Councillor (left 12/5/2010)
Edward Baird	State Councillor Secretary RMD
Ray Woods	State Councillor
David Pauly	State Councillor
Stephen Emmett	State Councillor
Shane Littler	State Councillor
Karen Herman	State Councillor (commenced 12/5/2010)
Leigh Monson	State Councillor (commenced 12/5/2010)
Jan Williams	State Councillor (left 12/5/2010)
Scott Aitchison	State Councillor

Signed in accordance with a resolution of State Council

.....
Darren Clark

State President
.....

John Short

State Secretary

24 November 2010

AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING & KINDRED INDUSTRIES UNION

TASMANIAN BRANCH

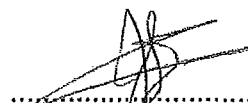
COMMITTEE OF MANAGEMENT'S STATEMENT

On 24 November 2010 the State Council of the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union Tasmania Branch passed the following resolution in relation to the general purpose financial report (GPFR) of the State Council for the year ended 30 September 2010.

The State Council declares in relation to the GPFR that in its opinion:

- (a) the financial report and notes comply with the Australian Accounting Standards;
- (b) the financial report and notes comply with the reporting guidelines of the General Manager of Fair Work Australia;
- (c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year ended 30 September 2010;
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year ended 30 September 2010 and since the end of the financial year:
 - (i) meetings of the State Council were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) the financial records of the Branch 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) the financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other branches and National Council of the organisation; and
 - (v) no information has been sought in any request of a member of the Branch or the General Manager of Fair Work Australia under section 272 of the Fair Work (Registered Organisations) Act 2009; and.
 - (vi) no orders for inspection of the financial records have been made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009.
- f) during the financial year ended 30 September 2010 the Tasmanian State Council did not participate in any recovery of wages activity

For the Tasmanian State Council:



John Short
State Secretary
24 November 2010

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

TASMANIAN BRANCH

**STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDED 30 SEPTEMBER 2010**

	Note	2010 \$	2009 \$
INCOME			
Remittances from National Council			
- General Fund		196,501	172,097
- Local Purpose Allocation		-	1,123
Interest Received		14	34
Other Income		-	10,224
TOTAL INCOME		<u>196,515</u>	<u>183,478</u>
EXPENDITURE			
Affiliation Fees		(13,438)	(14,449)
Bank Charges		(561)	(574)
Conference & Meeting Expenses		(5,155)	-
Conference & Meeting Fees & Allowances		(1,542)	
Delegation/Employee Expenses – Officer Holders		(15,589)	(27,986)
Delegation/Employee Expenses – Other Employees		(68,872)	(50,089)
Donations		(655)	(535)
Freight		-	(229)
General Office Expenses		(4,372)	(3,114)
Insurance		(4,747)	(4,414)
Legal Expenses		597	(86)
Motor Vehicle Expenses		(24,001)	(20,621)
Other Expenses		(603)	-
Payroll Tax		(25,173)	(26,354)
Photocopying		(1,608)	(1,160)
Postage		(3,365)	(3,252)
Printing		(1,484)	(2,216)
Professional Services	4	(4,600)	(4,950)
Stationery		(4,676)	(4,315)
Telephone		(7,915)	(11,492)
TOTAL EXPENDITURE		<u>(187,758)</u>	<u>(175,836)</u>
NET SURPLUS/ (DEFICIT) FOR THE YEAR		<u>8,757</u>	<u>7,642</u>

(The attached notes form part of the financial report)

AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING & KINDRED INDUSTRIES UNION

TASMANIAN BRANCH

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010**

	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	25,294	16,701
Receivables	6	<u>164</u>	<u>-</u>
Total Current Assets		<u>25,248</u>	<u>16,701</u>
TOTAL ASSETS		<u>25,458</u>	<u>16,701</u>
ACCUMULATED FUNDS/ (LOSSES)		<u>25,458</u>	<u>16,701</u>

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS (LOSSES)
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

	Accumulated Funds \$
Balance at 30 September 2008	9,059
Net Surplus (Deficit) for the Year	<u>7,642</u>
Balance at 30 September 2009	<u>16,701</u>
Net Surplus (Deficit) for the Year	<u>8,757</u>
Balance at 30 September 2010	<u>25,458</u>

(The attached notes form part of the financial report)

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

TASMANIAN BRANCH

**STATEMENT OF CASH FLOWS FOR THE
YEAR ENDED 30 SEPTEMBER 2010**

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Remittances from National Council			
-General Fund		196,501	172,097
-Local Purpose Allocation			1,123
Interest Received		14	34
Other income received		-	10,224
Payments to Suppliers and Employees		<u>(187,758)</u>	<u>(175,836)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	8(b)	<u>8,757</u>	<u>7,642</u>
NET INCREASE (DECREASE) IN CASH HELD			
Cash at Beginning of Year		<u>16,701</u>	<u>9,059</u>
CASH AT END OF YEAR	8(a)	<u>25,458</u>	<u>16,701</u>

(The attached notes form part of the financial report)

AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING & KINDRED INDUSTRIES UNION

TASMANIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial 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 Fair Work (Registered Organisations) Act 2009.

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 Tasmanian Branch. The Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union is an organisation registered under the Fair Work (Registered Organisations) Act 2009. The Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union Tasmanian Branch is a Branch of the registered organisation. 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 State Branch are not subject to the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs modified by the revaluation of selected financial assets and liabilities for which the fair value basis of accounting has been applied. Cost is based on fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING & KINDRED INDUSTRIES
UNION

TASMANIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2010 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The following is a summary of the significant accounting policies adopted by the Tasmanian Branch in the preparation of the financial report.

a) (i) Revenue

All members' contributions are paid direct to National Council. Remittances from National Council are the amounts reimbursed by the National Council to cover Branch expenses and are recognised when received by the Branch.

(ii) Expenditure

Expenses represent amounts paid directly by the Branch for operational costs. Other operational expenses eg. salaries which relate to the Branch are paid for by the National Council and are included in the financial report of the National Council only.

(iii) Employee Entitlements

Provision for employee benefits in the form of Long Service Leave and Accrued Annual Leave have been made for the estimated accrued entitlements of all employees on the basis of their terms of employment in the financial report of the National Council.

(iv) Property, Plant and Equipment

All fixed assets are recorded in the financial reports of the National Council and the depreciation regarding those assets is charged in the National Council accounts.

(v) 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.

(vi) Accounting Standards Issued But Not Yet Effective

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

(vii) Goods and Services Tax (GST)

Revenues and expenses are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or part of an item of the expense. Receivables and payables on the statement of financial position are shown 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.

TASMANIAN BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2010 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b) Going Concern Basis of Accounting

The financial report has been prepared on the basis that the Branch is a going concern, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The State Council believes it is appropriate to adopt the going concern basis for preparing the report on the grounds that the National Council has made an undertaking to provide financial support to the Branch.

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 Tasmanian Branch 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 amounts of assets and liabilities.

(b) Critical judgments in applying the Tasmanian Branch's accounting principles

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

**3. INFORMATION TO BE PROVIDED TO MEMBERS OR THE GENERAL MANAGER
OF FAIR WORK AUSTRALIA**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Section 272 of Fair Work (Registered Organisations) Act 2009 which read as follows:

- 1) A member of a reporting unit, or the General Manager of Fair Work Australia, 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 & KINDRED INDUSTRIES
UNION

TASMANIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2010 (Cont'd)

	2010 \$	2009 \$
4. PROFESSIONAL SERVICES		
Auditors - Auditing the financial report	4,600	4,950
- Other Services	-	-
	<u>4,600</u>	<u>4,950</u>
5. CASH AND CASH EQUIVALENTS		
Cash at Bank	<u>25,458</u>	<u>16,701</u>
6. RECEIVABLES		
Sundry Debtors	<u>164</u>	<u>-</u>
	<u>164</u>	<u>-</u>
7. CASH FLOW INFORMATION		
(a) For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks and other financial institutions:		
Cash at Bank	<u>25,458</u>	<u>16,701</u>
(b) Reconciliation of Cash Flow from Operations with Net Surplus (Deficit)		
Net Surplus (Deficit)	8,757	7,642
CASH FLOWS FROM OPERATIONS	<u>8,757</u>	<u>7,642</u>
8. RELATED PARTIES		
(a) The aggregate amount of remuneration paid to officers during the financial year is included in the National Council's Financial Report.		

AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING & KINDRED INDUSTRIES UNION

TASMANIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2010 (Cont'd)

CASH FLOWS FROM OPERATIONS (Cont'd)

- b) The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officials is included in the National Council's Financial Report.
- (c) There have been no other transactions between the officers and the Union other than those relating to their membership of the Union and the 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.
- (d) The ultimate controlling entity of the Branch is the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, National Council.
- (e) Transactions with Ultimate Controlling Entity

- (i) Remittances from National Council are disclosed in the statement of comprehensive income.

- (ii) Net Amounts Receivable from the National Office are as follows:

	2010	2009
	\$	\$
Net amount receivable - National Office	<u>13,499</u>	<u>22,903</u>

10. FINANCIAL RISK MANAGEMENT

(a) *General objectives, policies and processes*

The Branch is exposed to risks that arise from its use of financial instruments. This note describes the Branch's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Branch's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Branch's financial instruments consist mainly of deposits with banks and receivables. The main risks the Branch is exposed to through its financial instruments are interest rate risk (see section (e) below), liquidity risk and credit risk.

The State Council have overall responsibility for the determination of the Branch's risk management objectives and policies.

AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING & KINDRED INDUSTRIES UNION

TASMANIAN BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2010 (Cont'd)

FINANCIAL RISK MANAGEMENT (Cont'd)

(b) *Credit Risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Branch incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Branch.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2010	2009
	\$	\$
Cash and cash equivalents	<u>25,294</u>	<u>16,701</u>
The cash and cash equivalents are held in a high quality Australian financial institution		
Sundry Debtors	<u>164</u>	<u>-</u>
Total receivables	<u>164</u>	<u>-</u>

There has been no history of default, no amounts are past due and all receivables are likely to be repaid within the expected terms.

(c) *Liquidity Risk*

Liquidity risk is the risk that the Branch may encounter difficulties raising funds to meet commitments associated with financial instruments.

The Branch is not significantly exposed to this risk; as at 30 September 2010 it had \$25,458 of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 30 September 2010 totalled \$0

The Branch manages liquidity risk by monitoring cash flows. Further the National Council has made an undertaking to provide financial support to the Branch.

(d) *Market Risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2010 (Cont'd)

FINANCIAL RISK MANAGEMENT (Cont'd)

(i) *Interest Rate Risk*

The Branch's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:

30 September 2010	Floating interest rate	Non interest bearing	Total
	\$	\$	\$
Financial Assets			
Cash and cash equivalents	25,294	-	25,294
Receivables	164	-	164
	25,458	-	25,458
Weighted average Interest rate	4.72%		
30 September 2009	Floating interest rate	Non interest bearing	Total
	\$	\$	\$
Financial Assets			
Cash and cash equivalents			
Receivables	16,701	-	16,701
	16,701	-	16,701
Weighted average Interest rate	3.15%		

(ii) *Other Price Risks*

The Branch does not invest in shares or derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market.

(iii) *Foreign Exchange Risk*

The Branch is not directly exposed to foreign exchange rate risk.

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2010 (Cont'd)**

11. SUBSEQUENT EVENTS

There are no subsequent events that have occurred or are likely to occur that require disclosure.

12. ADDITIONAL BRANCH INFORMATION

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

Registered Office
28 Station Street
Moonah TAS 7009
Tel: (03) 6228 7099

Principle place of business
28 Station Street
Moonah TAS 7009
Tel: (03) 6228 7099

INDEPENDENT AUDIT REPORT

To the members of the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union, Tasmanian Branch.

We have audited the general purpose financial report of Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union, Tasmanian Branch, which comprises the statement of financial position as at 30 September 2010, and the statement of comprehensive income, statement of changes in accumulated funds (losses) and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes and branch committee of management's statement for the year then ended.

Branch Committee of Management and the Branch Secretary's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDIT REPORT (cont'd)

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies and the Fair Work (Registered Organisations) Act 2009.

Auditor's Opinion

In our opinion the general purpose financial report of Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union, Tasmanian Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.



BDO Audit (TAS)
Chartered Accountants



CRAIG J STEPHENS
Director
Member of Institute of Chartered Accountants
And Holder of Current Public Practice Certificate
Registered Company Auditor
HOBART TAS 7000

Dated the 7th of January 2011