



Fair Work Australia

25 January 2010

Mr Paul Howes
National Secretary,
The Australian Workers' Union
Level 10, 377-383 Sussex Street
SYDNEY NSW 2000



Dear Mr Howes

**Lodgment of Financial Statements and Accounts – The Australian Workers' Union, National
Office - for year ended 31 June 2009 (FR2009/10053)**

I refer to previous correspondence regarding the above return, including the reply received from Mr Thomas Costa, National Legal Officer, dated 4 January 2009.

I note Mr Costa's advice that a signed copy of the auditor's report has been posted to the organization's website.

The certification of the alterations to rule 48 on 22 January 2010 addresses the issue of the presentation of the financial report to the National Executive for future years.

On the basis of the above the documents have been filed.

Yours sincerely,

Stephen Kellett
Statutory Services Branch
Fair Work Australia

You replied on 4/01/2010 4:56 PM.

KELLETT, Stephen

From: Thomas Costa [thomas.costa@nat.awu.net.au] **Sent:** Mon 4/01/2010 4:52 PM
To: KELLETT, Stephen
Cc:
Subject: Lodgment of Financial Statements and Accounts
Attachments:

Hi Stephen,

As discussed with you today we have identified three concerns from your letter dated 20 December 2009:

1. We have failed to make available to our members a signed copy of the auditors report as required by the *Fair Work (Registered Organisations) Act 2009* (FW (RO) Act);
2. That the AWU has failed to call a general meeting of members to review the report as required by section 266(1) of the FW (RO) Act;
3. That the AWU had indicated that it was pursuing a change to its rules to exempt it from the requirement of section 266(1) however FWA has received no further information regarding the change.

In relation to the first point we have sought to have a signed copy of the auditors report posted on our website. Apart from the signature the report is identical to the previous version in all respects.

In relation to the third point, at this stage I am unaware of the application or correspondence referred to in your letter regarding an application to vary the AWU's rules in regard to general meetings. However I will follow this up with Paul Howes when he returns from vacation on 18 January 2010.

In relation to the second point, it has been and continues to be the view of the AWU that rule 48(2) of our rules exempts AWU branches and National Office from calling a general meeting for the purpose of reviewing the auditors report unless there is a request from 5% of members. We believe this to be consistent with section 226 of the FW (RO) Act. The AWU is a federated structure, ie all members of the union are members of a branch and not direct members of national office. Members of the AWU pay membership dues to their branch and not the national office. It would also be impractical for national office to directly call a general meeting of all branch members as the national office does not have access to branch membership records.

I appreciate your consideration in this matter and would be happy to discuss any details further.

Regards,

Thomas Costa

National Legal Officer

The Australian Workers' Union

Level 10, 377-383 Sussex Street, Sydney, NSW 2000

p.02 8005 3333 | f.02 8005 3300 | m.0438 402 383

thomas.costa@nat.awu.net.au <paul.howes@nat.awu.net.au> | www.awu.net.au

<<http://www.awu.net.au/>>



Fair Work Australia

20 December 2009

Mr Paul Howes
National Secretary,
The Australian Workers' Union
Level 10, 377-383 Sussex Street
SYDNEY NSW 2000



Dear Mr Howes

Lodgment of Financial Statements and Accounts – The Australian Workers' Union, National Office - for year ended 31 June 2009 (FR2009/10053)

Thank you for lodging the abovementioned financial statements and accounts which were received by Fair Work Australia on 14 December 2009.

The following issues are raised by the dating of the documents and your Secretary's Certificate.

Firstly, you have certified that the documents were made available to the membership "in the week commencing 4 November 2009". However, the auditor's report (and Committee Statement and Operating Report) is dated 4 December 2009. This suggests, on the face at least, that what was made available to the members either did not include these particular documents or else included unsigned versions. This is not what is contemplated by the legislation (formerly the RAO Schedule, now the *Fair Work (Registered Organisations) Act 2009*), and I refer you particularly to sections 257(9) and 265(1) which I set out below.

257 (9) The auditor's report must be dated as at the date that the auditor signs the report and must be given to the reporting unit within a reasonable time of the auditor having received the general purpose financial report.

265 (1) A reporting unit must provide free of charge to its members either:

(a) a full report consisting of:

(i) a copy of the report of the auditor in relation to the inspection and audit of the financial records of the reporting unit in relation to a financial year; and

(ii) a copy of the general purpose financial report to which the report relates; and

(iii) a copy of the operating report to which the report relates; or

(b) a concise report for the financial year that complies with subsection (3).

Secondly, you have certified that the report was presented to and adopted "by the National Executive on 4 December 2009". I refer you to previous correspondence relating to the requirement that all reporting units must present their report to general members' meetings unless their rules include an adequate provision reflecting section 266(3). In a letter dated 6 January 2009 you advised that steps were being taken to alter the rules of the organization to make suitable provision. However there doesn't appear to be any record that such alterations have been submitted or certified by Fair Work Australia or its predecessor, the Australian Industrial Registry.

In view of the above, I seek your advice, firstly, as to what form of documents were made available to members and why the key documents mentioned were not signed and dated until after publication/availability; and secondly, whether you intend submitting appropriate rule alterations which would permit the national report to be presented to the National Executive.

I will defer filing the documents pending your advice.

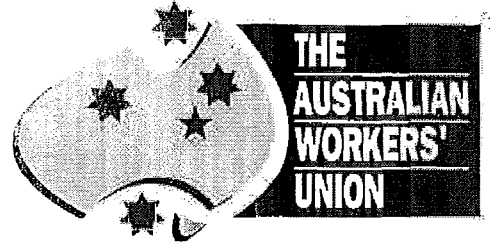
Yours respectfully,



Stephen Kellett
Statutory Services Branch
Fair Work Australia

**STRONGER
TOGETHER**

NATIONAL OFFICE
Level 10, 377-383 Sussex Street
Sydney NSW 2000
T: (02) 8005 3333 F: (02) 8005 3500
W: www.awu.net.au E: members@awu.net.au
Members Hotline 1300 885 653
PAUL HOWES National Secretary



14 December 2009

Mr Barry Jenkins
Delegate to General Manager
Fair Work Australia
Level 8, Terrace Towers
80 William Street
EAST SYDNEY NSW 2011



Dear Mr Jenkins,

Re: Workplace Relations Act 1996 – Annual Financial Returns

In relation to the annual financial returns to be lodged with the Industrial Registry, please find enclosed the following:

1. The National Secretary Certificate;
2. A copy of the 2008/2009 National Office Operating Report, Financial Accounts, Statements and Auditor's Report for year ending 30 June 2009.

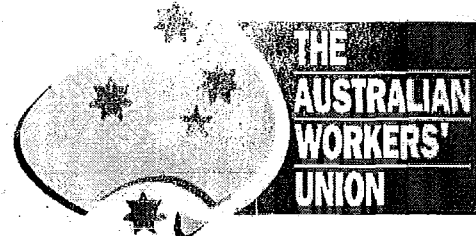
Yours faithfully

Paul Howes
NATIONAL SECRETARY

(encl x 2)

TOGETHER

NATIONAL OFFICE
Level 10, 377-383 Sussex Street
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Members Hotline 1300 865 653
PAUL HOWES National Secretary



THE AUSTRALIAN WORKERS' UNION

NATIONAL OFFICE

SECRETARY'S CERTIFICATE

I, Paul Howes, being the National Secretary of The Australian Workers' Union, do hereby state that the attached documents are copies of the 2008/2009 National Office Operating Report, Financial Accounts, Statements and Auditor's Report for year ending 30 June 2009, that were:

1. Made available to the membership in the week commencing 4 November, 2009.
2. Presented to and adopted by the AWU National Executive on 4 December 2009.

Date 14 December 2009

A handwritten signature in black ink, appearing to be 'Paul Howes', is written over the date line.

Paul Howes
NATIONAL SECRETARY

THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE)

ABN 28 853 022 982

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE) ABN 28 853 022 982

ANNUAL FINANCIAL REPORT- 30 JUNE 2009

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THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE) ABN 28-853-022-982

OPERATING REPORT JULY 2008 - JUNE 2009

Your Committee of Management present this report on the entity for the financial year ended 30 June 2009.

Members of management committee:

The names of each person who has been a member of the management committee during the year and up to the date of this report are:

Brischke, T (deceased 10/6/09)	Hanson, W
Borowick, M	Bali, S (appointed 16/1/09)
Boscacci, B	Howes, P
Chambers, F	Melhem, C
Collison, R	Lamps, P
Daly, T (resigned 4/7/08)	Ludwig, B
Madden, M (resigned 1/1/09)	Price S (appointed 20/8/08)
Gillespie, A	Maher, K (resigned 19/12/08)
Hall, G	McBride, N
Roberts, G	Brown, K (Appointed 21/1/09)
Ryan, G	Wakefield, I
Downie, R (appointed 19/12/08)	Williams, M
Leo, F	Allen, N (resigned 1/1/09)
Swan, B	

Principal Activities and Changes

The principal activities of the organisation continued to be those of a registered trade union working for the benefit of its members through negotiating enterprise bargaining agreements, varying Awards, representing members before industrial tribunals, training of delegates and members in Occupational Health and Safety, workplace organising, recruitment and public promotion of the interests of members. There were no significant changes to the activities of the organization, during the financial year.

Operating Results

The net surplus for the financial year amounted to \$116,689 (2008 - \$505,911).

Significant Change in State of Financial Affairs

There were no significant changes in the Union's financial affairs during the financial year.

Review of Operations

A review of operations of the entity during the financial year indicated that the increased membership numbers resulted in a marginal increase in subsidy revenue. However, increases in legal, payroll and travelling expenses resulted in a reduction in net Surplus. Significant activities during the year included the "Right on Site" campaign and those related to the National Conference.

After Balance Date Events

There were no significant changes in the Union's financial affairs during the financial year.

THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE) ABN 28 853 022 982

OPERATING REPORT JULY 2008 – JUNE 2009

Right of Members to Resign:

AWU Rule 14 – Resigning as a member – provides for resignation of members in accordance with s174 of Schedule 1B of the Workplace Relations Act 1996.

Membership of Superannuation Scheme

Pursuant to s.254 (2)(d) of Schedule of 1B of the Workplace Relations Act 1996, the following members holder office of superannuation schemes as stated below:

Howes, P	Australian Super
Swan, B	Australian Super Steel Sub Board
Collison, R	First State Super
Melhem, C	CBUS
Borowick, M	Australian Super (Alternate Director)
Ludwig, B	Sunsuper Pty Ltd
Boscacci, B	Austsafe Super Fund
Ballin Keith	Austsafe Super Fund
Ryan, G	Austsafe Super Fund
Daly, T (resigned 4/7/08)	Industry Superannuation Fund

Number of Members

Number of persons in register of members: 120,393. (2008-107,043)

Number of Employees

Number of employees (equivalent full time): 17 (2008-13)

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the organisation.

Proceedings on Behalf of the Organisation

No person has applied for leave of Court to bring proceedings on behalf of the organisation or intervene in any proceedings to which the organisation is a party for the purpose of taking responsibility on behalf of the organisation for all or any part of those proceedings.

The organisation was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Management Committee.

Signed: _____

Paul Howes

Date: _____

4 / 12 / 09

**THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE)
ABN 28 853 022 982
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

OPERATING REPORT JULY2008 - JUNE 2009

Amendment to Number of Members (Page2)

The Number of Members reported in this Financial Year was as follows;

Number of Members

Number of persons in register of members: 120,393. (2008-107,043)

As a result of a review conducted at the request of The Fair Work Commission the following amendment is made:

Amended Number of Members

Number of persons in register of members: 121,196. (2008-106,494)

This section of the Operating Report currently contained within the Annual Financial Report for the Year Ended 30 June 2009 should be read to include this amendment.

THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE) ABN 28 853 022 982

STATUTORY STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2009

COMMITTEE OF MANAGEMENT REPORT

On 4/12/2009, the Executive passed the following resolution in relation to the general purpose financial report of this reporting unit for the financial year ended 30th June, 2009: -

The Executive declares in relation to the General Purpose Financial Report that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the Executive were held in accordance with the rules of the organisation; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Workplace Relations Act 1996 Schedule and the Workplace Relations Act 1996 Regulations; and
 - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and

THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE) ABN 28 853 022 982

STATUTORY STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2009

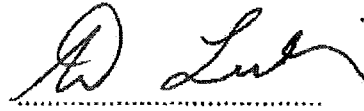
COMMITTEE OF MANAGEMENT REPORT

- (v) there have been no requests for information sought by members of the reporting unit or a Registrar duly made under section 272 of the Workplace Relations Act 1996.
- (vi) there have been no compliance orders for inspection of financial records made by the Commission under section 273 of the Workplace Relations Act 1996 Schedule.

For and on behalf of the Executive



.....
P. A. HOWES



.....
W. P. LUDWIG

SIGNED at Sydney this 4th day of December, 2009.

THE AUSTRALIAN WORKERS UNION
(NATIONAL OFFICE) ABN 28 853 022 982

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2009

<u>INCOME</u>	<u>NOTES</u>	<u>2009</u> \$	<u>2008</u> \$
SUBSIDY INCOME	1.2 (b)	4,151,311	4,039,927
ACTU SPECIAL LEVY		-	891,536
NATIONAL CONFERENCE - SPONSORSHIP		202,500	-
ADVERTISING INCOME		133,544	83,000
DIRECTORS FEES		21,426	22,730
MAILING INCOME AWU JOURNALS		214,222	72,213
RENTAL INCOME		-	11,273
INTEREST		120,516	82,125
FEDERAL ELECTION CAMPAIGN LEVY		-	147,153
FOREIGN CURRENCY EXCHANGE GAIN		2,679	-
OTHER INCOME		94,004	109,933
TOTAL INCOME		4,940,202	5,459,890
	<u>EXPENSES</u>		
DIRECT MEMBERSHIP EXPENSES			
ADVERTISING AND SUBSCRIPTIONS		4,442	3,367
AFFILIATION FEES		359,386	400,909
BEREAVEMENT PAYMENTS		114,300	112,350
RESEARCH EXPENSES		46,100	41,165
COMPUTER MAINTENANCE AND TRAINING		-	9,940
DEPRECIATION OF COMPUTERS		32,817	18,002
DONATIONS		5,473	147,026
LEGAL FEES		250,855	135,727
GROWTH CAMPAIGN		-	1,391
IR CAMPAIGN		-	917,275
RIGHT ON SITE BY YOUR UNION CAMPAIGN		118,182	-
MEMBERSHIP MAIL OUTS		-	8,123
"AUSTRALIAN WORKER" PUBLISHING COSTS		254,500	161,066
"AUSTRALIAN WORKER" PRINT AND PRODUCTION		196,255	173,220
"AUSTRALIAN WORKER" MAIL MANAGEMENT		278,272	222,414
WEB SITE EXPENSES		4,103	7,791
MEDIA EXPENSES		43,820	37,069
SPONSORSHIP EXPENSE		17,545	4,818
AWU FUNCTIONS		55,815	2,189
PROMOTIONAL VIDEOS		-	9,551
WAA AMALGAMATION COSTS		25,240	-
OTHER DIRECT EXPENSES		10,262	-
TOTAL		1,817,367	2,413,393
MEETING EXPENSES			
NATIONAL CONFERENCE EXPENSES		244,934	53,972
NATIONAL EXECUTIVE MEETINGS		4,976	4,382
NATIONAL MEETINGS		-	6,485
MEETING EXPENSES - DELEGATES		14,004	16,424
TOTAL		263,914	81,263

The accompanying notes form part of these financial statements.

THE AUSTRALIAN WORKERS UNION
(NATIONAL OFFICE) ABN 28 853 022 982

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2009

	<u>NOTES</u>	<u>2009</u>	<u>2008</u>
		\$	\$
OH&S EXPENSES			
OH&S		379	11,715
		<u>379</u>	<u>11,715</u>
PAYROLL EXPENSES			
SALARIES & WAGES	9	1,211,271	1,068,734
SUPERANNUATION - EMPLOYER CONT.		135,060	115,768
WORKCOVER EXPENSES		11,831	20,324
PAYROLL TAX		41,355	41,955
ACCRUED ANNUAL LEAVE/LONG SERVICE LEAVE		29,171	11,240
CONSULTANTS		-	15,734
LONG SERVICE LEAVES PROVISION		43,867	-
RECRUITING EXPENSES		344	-
CONTRACTORS		113,207	142,750
		<u>1,586,106</u>	<u>1,416,505</u>
TOTAL			
TRAINING & TUITION			
UNIVERSITY FEES		495	3,010
SEMINAR AND CONFERENCE COSTS		2,136	8,513
TRAINING EXPENSES		1,530	30
		<u>4,161</u>	<u>11,553</u>
TOTAL			
TRAVEL EXPENSES			
TRAVEL AND ACCOMMODATION		148,545	76,013
AIR FARES		229,440	239,627
TAXIS AND PARKING		60,343	41,727
OTHER ALLOWANCES		14,734	-
		<u>453,062</u>	<u>357,367</u>
TOTAL			
MOTOR VEHICLE EXPENSES			
RUNNING EXPENSES		54,143	72,280
LOSS ON REALISATION		4,604	7,422
DEPRECIATION OF MOTOR VEHICLES		48,433	64,436
FRINGE BENEFITS TAX		33,338	33,419
		<u>140,518</u>	<u>177,557</u>
TOTAL			
TELEPHONE EXPENSES			
LAND LINES		11,554	13,878
MOBILE PHONES		31,925	26,700
HOME PHONES		6,246	4,900
OTHER TELEPHONE EXPENSES		4,066	5,638
		<u>53,791</u>	<u>51,116</u>
TOTAL			

The accompanying notes form part of these financial statements.

THE AUSTRALIAN WORKERS UNION
(NATIONAL OFFICE) ABN 28 853 022 982

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2009

	<u>NOTES</u>	<u>2009</u>	<u>2008</u>
		\$	\$
PROPERTY EXPENSES			
RENTAL		141,508	120,349
INSURANCE		6,049	1,854
DEPRECIATION OF BUILDINGS		167,870	165,327
OTHER PROPERTY EXPENSES		1,947	12,589
TOTAL		317,374	300,119
GENERAL EXPENSES			
AUDITING & ACCOUNTING	2	12,055	10,001
BANK FEES AND CHARGES		974	1,597
CLEANING		28	3,745
ELECTRICITY EXPENSES		7,023	5,333
MISC. EXPENSES		14,647	16,560
TOTAL		34,727	37,236
OFFICE EXPENSES			
STATIONERY		8,173	7,095
COURIER CHARGES AND FREIGHT		6,153	2,806
PRINTING		51,430	32,439
LEASE AND RENTAL OF EQUIPMENT		15,438	15,519
DEPRECIATION OF FURNITURE AND EQUIP.		46,687	26,452
REPAIRS AND MAINTENANCE OF EQUIP.		730	5,009
MERCHANDISE EXPENSE		4,367	1,913
INTERNET EXPENSES		6,253	4,159
INTEREST CHARGES		9,454	308
MISCELLANEOUS OFFICE EXPENSES		3,429	455
TOTAL		152,114	96,155
<u>TOTAL EXPENSES</u>		4,823,513	4,953,979
<u>NET SURPLUS FOR YEAR</u>		116,689	505,911
TAXATION	1.2(b)	-	-
NET SURPLUS TRANSFERRED TO ACCUMLATED FUNDS		116,689	505,911
ADD: ACCUMULATED FUNDS AT BEGINNING OF THE YEAR		5,125,126	4,619,215
<u>ACCUMULATED FUNDS AT END OF THE YEAR</u>		5,241,815	5,125,126

The accompanying notes form part of these financial statements.

THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE) ABN 28 853 022 982

BALANCE SHEET
AS AT 30 JUNE, 2009

	<u>NOTES</u>	<u>2009</u>	<u>2008</u>
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents			
PETTY CASH		1,000	1,000
CASH AT BANK		357,476	842,146
TERM DEPOSITS		1,543,993	814,362
		<u>1,902,469</u>	<u>1,657,508</u>
SHARES IN PUBLIC COMPANIES	4	3,091	3,091
ACCOUNTS RECEIVABLE	3	186,565	794,817
SUNDRY DEBTORS & PREPAYMENTS		41,746	44,044
LOANS TO BRANCHES	6	100,000	-
		<u>2,233,871</u>	<u>2,499,460</u>
NON-CURRENT ASSETS			
INVESTMENT IN NON LISTED COMPANIES	4	65,000	65,000
LOANS TO BRANCHES	6	58,333	-
FINANCIAL SERVICES TRUST	7	2	2
		<u>123,335</u>	<u>65,002</u>
FIXED ASSETS			
PROPERTIES	5	9,744,918	9,912,788
OFFICE FURNITURE AND EQUIPMENT		190,758	223,555
WEBSITE DEVELOPMENT		90,915	114,127
MOTOR VEHICLES		102,442	140,637
TOTAL FIXED ASSETS		<u>10,129,033</u>	<u>10,391,107</u>
TOTAL NON CURRENT ASSETS		<u>10,252,368</u>	<u>10,456,109</u>
TOTAL ASSETS		<u>12,486,239</u>	<u>12,955,569</u>
LESS: CURRENT LIABILITIES			
Accounts Payables			
TRADE CREDITORS	8	367,400	890,510
SUNDRY CREDITORS & ACCRUALS	8	121,102	258,676
Provisions			
PROVISION FOR ANNUAL LEAVE	8	113,830	83,034
PROVISION FOR LONG SERVICE LEAVE	8	271,545	227,679
		<u>385,375</u>	<u>310,713</u>
TOTAL CURRENT LIABILITIES		<u>873,877</u>	<u>1,459,899</u>
NON CURRENT LIABILITIES			
Accounts Payables			
LOANS FROM BRANCHES	9	3,226,849	3,226,849
Provisions			
PROVISION FOR LONG SERVICE LEAVE	8	3,143,698	3,143,695
		<u>6,370,547</u>	<u>6,370,544</u>
TOTAL LIABILITIES		<u>7,244,424</u>	<u>7,830,443</u>
NET ASSETS		<u>5,241,815</u>	<u>5,125,126</u>
ACCUMULATED FUNDS AT END OF THE YEAR		<u>5,241,815</u>	<u>5,125,126</u>

The accompanying notes form part of these financial statements.

THE AUSTRALIAN WORKERS UNION
(NATIONAL OFFICE) ABN 28 853 022 982

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
<u>CASH FUNDS AT COMMENCEMENT</u>	<u>1,657,508</u>	<u>1,570,845</u>
CASH INFLOW		
<u>ADD: PROCEEDS FROM OPERATING ACTIVITIES</u>		
SUBSIDIES FROM BRANCHES	4,151,311	4,443,920
INTEREST RECEIVED	120,516	82,125
OTHER INCOME	665,696	1,471,622
LESS PAYMENTS TO SUPPLIERS AND EMPLOYEES	<u>(4,495,892)</u>	<u>(5,458,709)</u>
	<u>441,631</u>	<u>538,958</u>
<u>ADD: PROCEEDS FROM INVESTING ACTIVITIES</u>		
INVESTMENT IN OTHER COMPANIES	-	(55,000)
DISPOSAL OF FIXED ASSETS	14,000	119,761
LESS PURCHASES OF FIXED ASSETS	<u>(52,337)</u>	<u>(434,181)</u>
	<u>(38,337)</u>	<u>(369,420)</u>
<u>TOTAL INFLOW</u>	<u>403,294</u>	<u>169,538</u>
CASH OUTFLOW		
<u>LESS: OUTFLOW FROM FINANCING ACTIVITIES</u>		
NET LOANS TO BRANCHES	<u>(158,333)</u>	<u>(82,875)</u>
<u>TOTAL OUTFLOW</u>	<u>(158,333)</u>	<u>(82,875)</u>
<u>CASH FUNDS AT YEAR END</u>	<u>1,902,469</u>	<u>1,657,508</u>

Note:

The above Statement of Cash Flows by its very nature does not take into account end of year adjustments for accrued income, expenditure, nor the provision of depreciation on non-current assets.

The accompanying notes form part of these financial statements.

THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE) ABN 28 853 022 982

STATEMENT OF RECOGNISED INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE, 2009

	Accumulated Funds
	\$
Balance at 1 July 2007	4,619,215
Operating Surplus for the year	505,911
Balance at 30 June 2008	5,125,126
Operating Surplus for the year	116,689
Balance at 30 June 2009	5,241,815

The accompanying notes form part of these financial statements.

THE AUSTRALIAN WORKERS' UNION
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of these financial statements are:

1.1 BASIS OF PREPARATION

This report is a general purpose financial report drawn up in accordance with applicable Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Workplace Relations Act 1996 and other requirements of law. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

1.2 ACCOUNTING POLICIES

a) Income tax

No provision for income tax is necessary as the Union is exempt from income tax under Section 23(f) of the Income Tax Assessment Act.

b) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their written down value. The carrying value is reviewed annually by committee members to ensure it is not in excess the recoverable amounts.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by the members of management committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Buildings	2.5%
Plant and equipment	10-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

THE AUSTRALIAN WORKERS' UNION
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2009

d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Financial assets at fair value through profit and loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The association has not held any financial assets at fair value through profit or loss in the current or comparative financial year.

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FOR THE YEAR ENDED 30 JUNE, 2009

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method. The union has not held any held-to-maturity investments in the current or comparative financial year.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

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

Impairment

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

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

THE AUSTRALIAN WORKERS' UNION
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2009

Impairment of Assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e) Employee Benefits

Provision is made for the union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Provision for Annual Leave

The provision for employee entitlements to Annual Leave represents the amount which the Union has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated at nominal amounts based on current wage and salary rates plus leave loading.

Provision for Long-service Leave

The liability for Long-Service Leave of Branch officials has only been accumulated in the books of account up to 31st December 2001. In accordance with the decision of the National Executive, Branches are now required to bring to account the annual indebtedness to Long Service Leave of its officials.

D) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at balance date.

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FOR THE YEAR ENDED 30 JUNE, 2009

g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

h) Revenue

Revenue from the substantiation income from branches which is recognised on a receipt basis by the branches are in turn recognised upon the monthly returns submitted, on a monthly basis.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, where applicable, 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 as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST, where applicable.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

k) Critical accounting estimates and judgments

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

Key estimates — Impairment

The members of the management committee assess impairment at each reporting date by evaluating conditions specific to the Union that may lead to impairment. If impairment exists, the recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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1) New Accounting Standards for application in future periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods and which the association has decided not to early adopt. A discussion of those future requirements and their impact on the association is as follows:-

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefine the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the union.

The members of the management committee does not anticipate early adoption of any of the above reporting requirements and does not expect them to have any material effect on the association's financial statements.

2. AUDITORS' REMUNERATION

	2009	2008
	\$	\$
Remuneration of the auditor of the association for:		
- auditing or reviewing the financial report	12,055	10,001

3. TRADE AND OTHER RECEIVABLES

	2009	2008
	\$	\$
CURRENT		
Subscriptions receivable	185,907	738,285
Other receivables	50,658	106,532
Total current trade and other receivables	236,565	844,817
Provision for doubtful debts	(50,000)	(50,000)
	186,565	794,817

Current trade receivables are non-interest bearing loans and generally are receivable within 30 days. A provision for impairment is recognised against subscriptions where there is objective evidence that an individual trade receivable is impaired. No impairment was required at 30 June 2009 (2008: Nil).

Credit risk

The entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The main source of credit risk to the entity is considered to relate to the class of assets described as subscriptions receivable.

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FOR THE YEAR ENDED 30 JUNE, 2009

The following table details the entity's subscriptions receivable exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the association and the member or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining their willingness to pay and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the entity. All members late in paying their subscription are potentially subject to a late fee. The balances of receivables that remain within initial terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)		Within initial trade terms \$
			<30 \$	31-60 \$	
2009					
Subscriptions receivable	185,907				185,907
Other receivables	50,658				50,658
Total	236,565	-	-	-	236,565

	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)		Within initial trade terms \$
			<30 \$	31-60 \$	
2008					
Subscriptions receivable	738,285				738,285
Other receivables	106,532				106,532
Total	844,817	-	-	-	844,817

The entity does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

a) Collateral held as security

No collateral is held as security for any of the trade and other receivable balances.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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b) Financial Assets classified as loans and receivables	Note	2009 \$	2008 \$
Trade and other Receivables			
— Total Current		236,565	844,817

c) Collateral pledged

No collateral has been pledged for any of the trade and other receivable balances.

4 FINANCIAL ASSETS

	Note	2009 \$	2008 \$
CURRENT			
Investments in listed companies available for sale.	1(a)	3,091	3,091
		3,091	3,091
NON-CURRENT			
Other Investments in companies available for sale.	1(a)	65,000	65,000
		65,000	65,000
a) Available-for-sale financial assets comprise:			
CURRENT			
Listed investments, at fair value			
— shares in listed corporations at market value		3,304	4,074
Total available-for-sale financial assets		3,304	4,074
NON-CURRENT			
Listed investments, at fair value			
— shares in unlisted corporations at cost		65,000	65,000
Total non-current available for sale financial assets		65,000	65,000

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2009

5.	<u>FIXED ASSETS</u>	2009	2008
		\$	\$
	Properties –		
	Land and Buildings (at cost)	11,336,132	11,336,132
	Less Accumulated Depreciation	<u>(1,591,214)</u>	<u>(1,423,344)</u>
		9,744,918	9,912,788
	Motor Vehicles -		
	At Cost	223,516	250,842
	Less Accumulated Depreciation	<u>(121,074)</u>	<u>(110,205)</u>
		102,442	140,637
	Office Furniture and Equipment		
	At Cost	343,984	354,195
	Less Accumulated Depreciation	<u>(153,226)</u>	<u>(130,640)</u>
		190,758	223,555
	Website Development Costs		
	At Cost	161,381	161,381
	Less Accumulated Depreciation	<u>(70,466)</u>	<u>(47,254)</u>
		90,915	114,127
	TOTAL FIXED ASSETS	<u>\$ 10,129,033</u>	<u>\$ 10,391,107</u>

Movements in Carrying Amounts

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

	Properties	Motor Vehicles	Office Furniture and Equipment	Website Development Costs	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2008	10,080,658	235,190	38,465	6,798	10,361,111
Additions	-	94,558	220,426	116,061	431,045
Disposals	-	(217,975)	-	(2,297)	(220,272)
Write Back	-	92,461	-	2,297	94,848
Depreciation expense	(167,870)	(63,597)	(35,336)	(8,732)	(275,535)
Balance at the 30 June 2008	<u>9,912,788</u>	<u>140,637</u>	<u>223,555</u>	<u>114,127</u>	<u>10,391,107</u>
Additions	-	23,322	29,014	-	52,336
Disposals	-	(50,648)	(39,226)	-	(89,874)
Write Back	-	37,564	33,707	-	71,271
Depreciation expense	(167,870)	(48,433)	(56,294)	(23,212)	(295,809)
Carrying amount at 30 June 2009	<u>9,744,918</u>	<u>102,442</u>	<u>190,758</u>	<u>90,915</u>	<u>10,129,033</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2009

The properties included in the National Office Balance Sheet are: (at written down value)

	2009	2008
	\$	\$
157 - 161 Maitland Road, Mayfield	1,349,800	1,382,300
685 Spencer St, West Melbourne	2,392,275	2,456,652
34 Church St, Dubbo	644,905	650,080
2 Napier St, Deakin, ACT	1,402,495	1,416,870
8 - 10 Creedy St, Cairns	74,576	75,097
211 Mulgrave Rd, Cairns	1,279,276	1,289,251
Sturt St, Townsville	506,337	513,706
Macquarie St, Taree	233,650	236,600
9 Murn Crescent, Whyalla Norrie	89,417	91,542
18 Belmont St, Woolongong	917,262	931,978
1/332-334 Main St, Glenorchy	425,666	431,259
4/72 Gheringhap St, Geelong	429,259	437,453
	<u>9,744,918</u>	<u>9,912,788</u>

The properties owned by the National Office are used by the respective Branches as offices and/or to generate rental income for them.

6. LOANS TO BRANCHES RECEIVABLE

	2009	2008
	\$	\$
CURRENT		
AWU - New Castle Branch	<u>100,000</u>	-
	<u>100,000</u>	-
NON-CURRENT		
AWU - New Castle Branch	<u>58,333</u>	-
	<u>58,333</u>	-

The amount due from AWU-Newcastle Branch is interest free, unsecured and repayable on 24 monthly installments of \$8,333.33.

7. FINANCIAL SERVICES TRUST

	2009	2008
	\$	\$
Financial services trust	13,462	13,462
less: Provision for diminution in value	(13,460)	(13,460)
	<u>2</u>	<u>2</u>

THE AUSTRALIAN WORKERS' UNION
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2009

8. TRADE AND OTHER PAYABLES

	2009	2008
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	367,400	890,510
Sundry payables and accrued expenses	121,102	258,676
Employee benefits	385,375	310,713
	<u>873,877</u>	<u>1,459,899</u>
NON-CURRENT		
Employee benefits	1.2 e 3,143,698	3,143,695
	<u>3,143,698</u>	<u>3,143,695</u>

a. **Financial liabilities at amortised cost classified as trade and other payables**

Trade and other payables		
- Total Current	873,877	1,459,899
- Total Non-Current	3,143,698	3,143,695
	<u>4,017,575</u>	<u>4,603,594</u>
Less leave entitlements	(3,529,073)	(3,454,408)
Financial liabilities as trade and other payables	<u>488,502</u>	<u>1,149,186</u>

9. LOANS FROM BRANCHES (NON CURRENT) BORROWINGS

	2009	2008
	\$	\$
AWU New South Wales State Union	1,995,669	1,995,669
AWU Victorian Branch	<u>1,231,180</u>	<u>1,231,180</u>
	<u>3,226,849</u>	<u>3,226,849</u>

The loans are free of interest and with no fixed repayments terms, and are unsecured.

THE AUSTRALIAN WORKERS' UNION
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2009

10. SALARY AND WAGES

a) In accordance with Sub-regulations 107 (a) (XIV) and (XV) of the Workplace Relations Regulations, we report that the figure Salaries and Wages in the Income Statement is made up of the following:-

	2009	2008
	\$	\$
Elected Representatives	207,078	365,957
Employees	<u>1,004,193</u>	<u>702,777</u>
	<u>\$ 1,211,271</u>	<u>\$ 1,068,734</u>

b) Key Management Personnel Compensation

	Short Term Benefit	Post Employment Benefit	Total
	\$	\$	\$
2009			
Total compensation	<u>207,078</u>	<u>55,458</u>	<u>262,536</u>
2008			
Total compensation	<u>365,957</u>	<u>43,880</u>	<u>365,957</u>

11. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Executive is not aware of any post-balance date event or contingent liability which may materially affect the operating results or financial position of the National Office for the year under review or in future years. The financial statements were signed by the executive committee on 4 December 2009.

THE AUSTRALIAN WORKERS' UNION
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2009

12. 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 Section 274 which reads as follows:

- a) "A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation;
- b) An organisation shall, on application made under Subsection (1) by a member of the organisation or a Registrar, make the specified information available to a member or the Registrar in such manner, and within such time, as is prescribed;
- c) A Registrar may only make an application under Subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member."

13. CAPITAL COMMITMENTS

The amount of Capital Commitment still to be paid at 30th June 2009 on capital commitments entered into in prior financial periods is \$Nil.

14. CONTINGENT LIABILITIES

There were no contingent liabilities at 30th June 2009.

15. RELATED PARTY TRANSACTIONS

Transaction between related parties as agreed with the branches are as follows:-

	2009	2008
	\$	\$
Income from branches:-		
Subsidy Income	4,151,311	4,039,927
Special Levies	-	1,038,688
Mailing income AWU Journal	214,422	72,213
	<u>4,729,533</u>	<u>5,150,827</u>
Receivables and payables:-		
Loans receivable from Branches	158,333	-
Loan payable to Branches	<u>3,226,849</u>	<u>3,226,849</u>
Liability for long service leave of Branches staff (1.2e)	<u>3,143,698</u>	<u>3,143,698</u>

THE AUSTRALIAN WORKERS' UNION
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2009

16 FINANCIAL RISK MANAGEMENT

Specific Financial Risk Exposures and Management

The main risks the union is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity price risk.

a. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Union's interest rate exposure primarily comprise of interest rate movement relating to deposits with banks.

b. Liquidity risk

Liquidity risk arises from the possibility that the union might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The union manages this risk through the following mechanisms:-

- preparing forward looking cash flow, budget analysis in relation to its operational, investing and financing activities
- maintaining a reputable credit profile
 - managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

(c) Foreign exchange risk

The union is not materially exposed to fluctuations in foreign currencies.

(d) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the union.

The union has no significant concentration of credit risk with any single counterparty or group of counterparties.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 3.

17 UNION INFORMATION

The Australian Worker Union – National Office
Level 10, 377-383 Sussex Street
SYDNEY NSW 2000

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

THE AUSTRALIAN WORKERS UNION (NATIONAL OFFICE) ABN 28 853 022 982

Report on the Financial Report

We have audited the accompanying financial report of the Australian Worker Union (National Office) which comprises the balance sheet as at 30 June 2009 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the report by members of the committee.

Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Workplace Relations Act 1996. This responsibility includes designing, implementing 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 judgment, 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 committee, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

THE AUSTRALIAN WORKERS UNION
(NATIONAL OFFICE) ABN 28 853 022 982

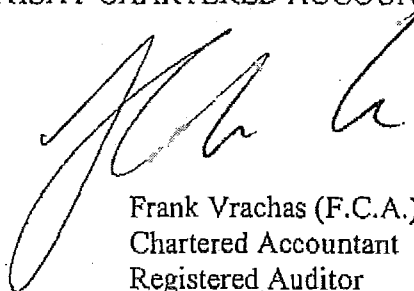
Audit Opinion

In our opinion:

1. The Organisation kept satisfactory accounting records, including:
 - a) records of the sources and nature of the income of the National Office (including income from members); and
 - b) records of the nature and purposes of the expenditure of the Organisation.

2. In connection with the accounts and statements prepared under Section 257 of the Registration of Organisations Schedule (being schedule 1B of the Workplace Relations Act, 1996), we state that in our opinion:
 - i) The General Purpose Financial Report is presented fairly in accordance with:
 - (a) The requirements of the RAO Schedule;
 - (b) Applicable Australian Accounting Standards; and
 - (c) Other mandatory professional reporting requirements

ROTHSAY CHARTERED ACCOUNTANTS



Frank Vrachas (F.C.A.)
Chartered Accountant
Registered Auditor

Dated this 4th day of December, 2009.

THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE) ABN 28 853 022 982

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE COMMITTEE OF MANAGEMENT**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

- (i) no contraventions of the statutory auditor independence requirements in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm Rothsay Chartered Accountants

Name of Partner Frank Vrachas

Date 4/12/09
Address Level 18/ 6-10 O'Connell Street, Sydney NSW 2000