



FAIR WORK
AUSTRALIA

3 December 2010

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



Dear Mr Howes

**Re: Lodgement of Financial Statements and Accounts – The Australian Workers' Union,
National Office – for year ending 30 June 2010 (FR2010/2681)**

Thank you for lodging the above financial return which was received by Fair Work Australia on 30 November 2010.

The documents have been filed but I draw your attention to the following.

I note that the Auditor's Report, Committee of Management Statement and Operating Report were all dated 19 November 2010, which was later than the date on which the reports were certified (in the Secretary's Certificate) as having been made available to members, namely, "*the week commencing 15 October 2010*".

Section 257(9) of the *Fair Work (Registered Organisations) Act 2009* requires auditors' reports to be dated the date on which they are signed. On the surface, the later dating of the documents suggests that what the members had access to from 15 October were unsigned.

In addition, the Secretary's Certificate states that the reports were presented "*and adopted*" by the meeting of 19 November, the same date the reports were signed, and the Committee of Management Statement attests to the resolution and declarations being passed on 15 November 2010.

Fair Work Australia relies on the information certified in the Secretary's Certificate to confirm that the reporting unit has complied, firstly, with the requirements of s265(1) which states that the members must be provided copies of the various reports, which are assumed to be in their completed state; and secondly, with the requirements of s266. The meeting(s) referred to in s266 have always been envisaged and interpreted as distinct and later than any meeting at which the financial documents are first approved by a Committee for audit. The reference to "*and adopted by*" - in relation to the meeting of 19 November - gives rise to a question whether there was only ever one single meeting of the National Executive held, one in which the approval of the accounts and reports was given for all purposes at the same time. The term '*adopted by*' is not used by the Act and so it is unclear whether it is intended to mean an initial approval of the accounts for audit or a final confirmation of the reports after all other legislative requirements have been followed.

From the time of the predecessor provisions, s158AG(4A) of the *Conciliation and Arbitration Act 1904* and s279(6) of the *Industrial Relations Act 1988*, Fair Work Australia, and its predecessor, the Australian Industrial Registry, has always taken the view that members ought not to be provided with documents not signed or not yet approved and that presentation to a committee is a separate event from the initial approval of the accounts and financial statements.

Although, in view of your certification, I have no apprehension that the members were not provided what was later signed, I would advise the organisation to take reasonable steps, where future reports are concerned, to ensure that the copies provided to members are clearly as have been approved by the Committee and signed by the Auditor, and the best way to do this is to ensure that members receive reports that are already signed and dated. This reflects the standards set out in s5 of the Act, particularly those of ensuring the organisation is accountable to its members and encouraging a high standard of accountability.

In addition, I would advise the organisation to keep in mind that the sequence which the Act contemplates and which would reflect the provisions of the Act is as follows:

first - a meeting at which the accounts are approved for audit and the Committee of Management Statement is signed; second - the signing of the Auditor's report; third - the publication or availability of the audited accounts and statements to members, in accordance with s265; fourth - a meeting at which the report is formally presented in accordance with s266.

I hope this explanation is helpful for the preparation of future reports. There is no further action required in respect of the 2010 return.

Yours sincerely,



Stephen Kellett

Organisations and Research

Fair Work Australia

**STRONGER
TOGETHER**

NATIONAL OFFICE
Level 10, 377-383 Sussex Street
Sydney NSW 2000
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Members Hotline 1300 885 653
PAUL HOWES National Secretary



29 November 2010

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: Fair Work Act (Registered Organisations) Act 2009
Annual Financial Returns**

In relation to the annual financial returns to be lodged with Fair Work Australia, please find enclosed the following:

1. The National Secretary's Certificate;
2. A copy of the 2009/2010 National Office Operating Report, Financial Accounts, Statements and Auditor's Report for year ending 30 June 2010.

Yours faithfully,

Paul Howes
NATIONAL SECRETARY

(encl x 2)



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PAUL HOWES National Secretary



THE AUSTRALIAN WORKER'S UNION

NATIONAL OFFICE

SECRETARY'S CERTIFICATE

I, Paul Howes, being the National Secretary of The Australian Worker's Union, do hereby state that the attached documents are copies of The 2009/2010 National Office, Operating Report, Financial Accounts, Statements and Auditor's Report for the year ending on the 30th of June, 2010, that were:

1. Made available to the membership in the week commencing 15 October 2010.
2. Presented to and adopted by the National Executive on 19 November 2010.

Date: 29 November, 2010

Paul Howes
NATIONAL SECRETARY



THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE)

ABN 28 853 022 982

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010



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

ANNUAL FINANCIAL REPORT- FOR THE YEAR ENDED 30 JUNE, 2010

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

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE, 2010

Your Committee of Management present this report on the Australian Workers' Union National Office for the financial year ended 30 June 2010.

Members of the 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:

Bali, S	Hanson, W
Boscacci, B	Howes, P
Chambers, F (resigned 24/11/09)	Melhem, C
Collison, R	Lamps, P
Ludwig, B	Wood, S
Price S	Leo, F
Gillespie, A	Swan, B
Brown, K	McBride, N
Ryan, G	Wakefield, I
Downie, R	Williams, M
Davis, B	Jeffers, T
McDine, S (Elected 3/12/09)	

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 \$391,961 (2009 - \$116,689).

Significant Changes in State of Financial Affairs

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

Review of Operations

A review of operations of the organisation during the financial year indicated that a marginal increase in membership numbers and timing differences resulted in a marginal decrease in subsidy revenue. However, a decrease in overall expenses including expenses associated with "The Australian Worker" magazine, travelling costs and other variations in income and expenses have resulted in an increase in net surplus from operations. Significant activities during the year included those related to the Federal Election and the Fair Work Information and Education Program.

Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the organisation, the results of those operations, or the state of affairs of the organisation in future financial years.

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

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE, 2010

Right of Members to Resign:

The Australian Workers' Union Rule 14 – Resigning as a member – provides for resignation of members in accordance with section 174 of the Fair Work (Registered Organisations) Act 2009.

Membership of Superannuation Scheme

Pursuant to section 254 (2)(d) of the Fair Work (Registered Organisations) Act 2009, the following members hold 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
Mateos, F	Local Super
Crofts, B	Prime Super

Number of Members

Number of persons in registers of members: 129,981. (2009 - 120,393)

Number of Employees

Number of employees (equivalent full time): 15 (2009 - 17)

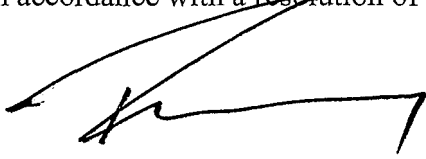
Indemnifying Officers or Auditor

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 A Howes (National Secretary)

Date: 19/11/10

Signed: 
William P Ludwig (President)

Date: 19/11/10

**THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE)
ABN 28 853 022 982
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

OPERATING REPORT JULY2009 - JUNE 2010

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: 129,981. (2009-120,393)

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: 121,660. (2009-121,196)

This section of the Operating Report currently contained within the Annual Financial Report for the Year Ended 30 June 2010 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, 2010

COMMITTEE OF MANAGEMENT REPORT

On 15th November, 2010, the Executive passed the following resolution in relation to the general purpose financial report of this reporting unit (i.e. The Australian Workers' Union National Office, or the organisation) for the financial year ended 30th June, 2010: -

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 requirements of Chapter 8 of the Fair Work (Registered Organisations) Act 2009;
- (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 National 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 Div 3 of the Fair Work (Registered Organisations) Act 2009; and
 - (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and

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

STATUTORY STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2010

COMMITTEE OF MANAGEMENT REPORT

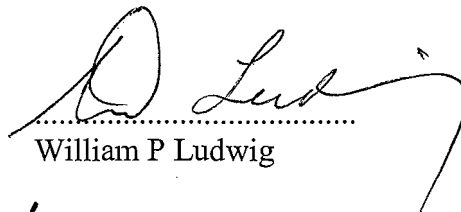
- (v) there have been no requests for information sought by members of the reporting unit or the General Manager duly made under Div 7-section 272 of the Fair Work (Registered Organisations) Act 2009.

- (vi) there have been no compliance orders for inspection of financial records made under Div7-section 273 of the Fair Work (Registered Organisations) Act 2009.

For and on behalf of the Executive



.....
Paul A Howes



.....
William P Ludwig

SIGNED at Sydney this *19th* day of *November*, 2010.

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

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2010

<u>REVENUE</u>	<u>NOTES</u>	<u>2010</u> \$	<u>2009</u> \$
SUBSIDY INCOME	1.2 (h)	4,129,413	4,151,311
NATIONAL CONFERENCE – SPONSORSHIP		-	202,500
ADVERTISING INCOME		101,000	133,544
DIRECTORS' FEES		31,098	21,426
MAILING INCOME AWU JOURNALS		117,056	214,222
FEDERAL ELECTION CAMPAIGN LEVY		64,832	-
FOREIGN CURRENCY EXCHANGE GAIN		646	2,679
SUBTOTAL		<u>4,444,045</u>	<u>4,725,682</u>
OTHER INCOME	19	288,055	94,004
INTEREST -BANK		107,541	120,516
<u>TOTAL INCOME</u>		<u>4,839,641</u>	<u>4,940,202</u>
 <u>EXPENSES</u>			
DIRECT MEMBERSHIP EXPENSES			
ADVERTISING AND SUBSCRIPTIONS		4,314	4,442
AFFILIATION FEES		420,105	359,386
BEREAVEMENT PAYMENTS		111,900	114,300
RESEARCH EXPENSE		18,250	46,100
DEPRECIATION OF COMPUTERS	5	37,229	32,817
DONATIONS		228,300	5,473
LEGAL FEES		60,672	250,855
"RIGHTS ON SITE" CAMPAIGN		-	118,182
"THE AUSTRALIAN WORKER" PUBLISHING COSTS		180,090	254,500
"THE AUSTRALIAN WORKER" PRINT AND PRODUCTION		166,121	196,255
"THE AUSTRALIAN WORKER" MAIL MANAGEMENT		231,274	278,272
WEB SITE EXPENSE		10,979	4,103
MEDIA EXPENSE		3,087	43,820
SPONSORSHIP EXPENSE		9,382	17,545
AWU FUNCTIONS		18,361	55,815
WAA AMALGAMATION COSTS		-	25,240
OTHER DIRECT EXPENSE		36,412	10,262
TOTAL		<u>1,536,476</u>	<u>1,817,367</u>
 MEETING EXPENSES			
NATIONAL CONFERENCE EXPENSE		-	244,934
NATIONAL EXECUTIVE MEETINGS		24,449	4,976
MEETING EXPENSE – DELEGATES		5,534	14,004
TOTAL		<u>29,983</u>	<u>263,914</u>

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, 2010

	<u>NOTES</u>	<u>2010</u> \$	<u>2009</u> \$
OCCUPATIONAL HEALTH & SAFETY EXPENSES			
OH & S EXPENSE		364	379
		<u>364</u>	<u>379</u>
PAYROLL EXPENSES			
SALARIES & WAGES	11	1,201,935	1,211,271
SUPERANNUATION - EMPLOYER CONTRIBUTION		134,753	135,060
WORKCOVER EXPENSE		13,202	11,831
PAYROLL TAX		41,837	41,355
ACCRUED ANNUAL LEAVE		7,346	29,171
CASUAL WORKERS		6,069	-
LONG SERVICE LEAVE PROVISION		48,511	43,867
RECRUITING EXPENSE		365	344
CONTRACTORS		283,389	113,207
		<u>1,737,407</u>	<u>1,586,106</u>
TOTAL			
TRAINING & TUITION			
FAIR WORK INFORMATION & EDUCATION PROGRAM (FWEIP)		110,560	-
SEMINAR AND CONFERENCE COSTS		2,496	2,136
OTHER TRAINING EXPENSES		20,923	2,025
		<u>133,979</u>	<u>4,161</u>
TOTAL			
TRAVEL EXPENSES			
TRAVEL AND ACCOMMODATION		122,222	148,545
AIR FARES		159,004	229,440
TAXIS AND PARKING		44,667	60,343
OTHER ALLOWANCES		25,582	14,734
		<u>351,475</u>	<u>453,062</u>
TOTAL			
MOTOR VEHICLE EXPENSES			
RUNNING EXPENSES		60,234	54,143
(GAIN) / LOSS ON DISPOSAL		(15,727)	4,604
DEPRECIATION OF MOTOR VEHICLES	5	40,093	48,433
FRINGE BENEFITS TAX		27,220	33,338
		<u>111,820</u>	<u>140,518</u>
TOTAL			
TELEPHONE EXPENSES			
LAND LINES		26,568	11,554
MOBILE PHONES		27,031	31,925
HOME PHONES		5,055	6,246
OTHER TELEPHONE EXPENSES		4,448	4,066
		<u>63,102</u>	<u>53,791</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, 2010

	<u>NOTES</u>	<u>2010</u> \$	<u>2009</u> \$
PROPERTY EXPENSES			
RENTAL		146,888	141,508
INSURANCE		5,405	6,049
DEPRECIATION OF BUILDINGS	5	167,870	167,870
OTHER PROPERTY EXPENSES		5,324	1,947
TOTAL		325,487	317,374
GENERAL EXPENSES			
AUDIT FEES	2	9,000	12,055
BANK FEES AND CHARGES		1,322	974
ELECTRICITY EXPENSES		6,814	7,023
MISCALANEOUS. EXPENSES		17,060	14,675
TOTAL		34,196	34,727
OFFICE EXPENSES			
STATIONERY		6,116	8,173
COURIER CHARGES AND FREIGHT		3,512	6,153
PRINTING		23,997	51,430
LEASE AND RENTAL OF EQUIPMENT		16,302	15,438
DEPRECIATION OF FURNITURE AND EQUIPMENT	5	49,137	46,687
REPAIRS AND MAINTENANCE OF EQUIPMENT		127	730
MERCHANDISE EXPENSE		3,148	4,367
INTERNET EXPENSES		5,225	6,253
INTEREST CHARGES		9,158	9,454
MISCELLANEOUS OFFICE EXPENSES		6,669	3,429
TOTAL		123,391	152,114
<u>TOTAL EXPENSES</u>		4,447,680	4,823,513
<u>NET SURPLUS FOR THE YEAR BEFORE TAX</u>		391,961	116,689
TAXATION	1.2(a)	-	
NET SURPLUS AFTER TAX ATION TRANSFERRED TO ACCUMLATED FUNDS		391,961	116,689
ADD: ACCUMULATED FUNDS AT BEGINNING OF THE YEAR		5,241,815	5,125,126
<u>ACCUMULATED FUNDS AT END OF THE YEAR</u>		5,633,776	5,241,815

The accompanying notes form part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE, 2010

	2010	2009
	\$	\$
NET SUPLUS FOR THE YEAR	391,961	116,689
OTHER COMPREHENSIVE INCOME		
NET (LOSS)/GAIN ON REVALUATION OF FINANCIAL ASSETS	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	391,961	116,689
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE UNION	391,961	116,689
	<hr/>	<hr/>

The accompanying notes form part of these financial statements.

THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE) ABN 28 853 022 982
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2010

	<u>NOTES</u>	<u>2010</u> \$	<u>2009</u> \$
ASSETS:			
CURRENT ASSETS			
Cash and cash equivalents	1(g)		
PETTY CASH		1,000	1,000
CASH AT BANK		414,165	357,476
TERM DEPOSITS		1,800,000	1,543,993
		<u>2,215,165</u>	<u>1,902,469</u>
Other financial assets			
SHARES IN LISTED COMPANIES	4	3,091	3,091
Trade and Other Receivable			
ACCOUNTS RECEIVABLE	3	158,627	186,565
SUNDRY DEBTORS AND PREPAYMENTS		45,814	41,746
LOANS TO BRANCHES	6	58,333	100,000
		<u>2,481,030</u>	<u>2,233,871</u>
NON-CURRENT ASSETS			
LOANS TO BRANCHES	6	-	58,333
Other financial assets			
INVESTMENT IN NON LISTED COMPANIES	4	368,000	65,000
FINANCIAL SERVICES TRUST	7	2	2
		<u>368,002</u>	<u>123,335</u>
Property, plant & equipment			
PROPERTIES	5	9,577,048	9,744,918
OFFICE FURNITURE AND EQUIPMENT	5	152,020	190,758
WEBSITE DEVELOPMENT	5	92,353	90,915
MOTOR VEHICLES	5	173,920	102,442
TOTAL PROPERTY, PLANT AND EQUIPMENT		<u>9,995,341</u>	<u>10,129,033</u>
<u>TOTAL NON CURRENT ASSETS</u>		<u>10,363,343</u>	<u>10,252,368</u>
<u>TOTAL ASSETS</u>		<u>12,844,373</u>	<u>12,486,239</u>
LIABILITIES:			
CURRENT LIABILITIES			
Accounts Payables			
TRADE CREDITORS	8	347,600	367,400
SUNDRY CREDITORS & ACCRUALS	8	120,513	121,102
ACRURED ANNUAL LEAVE	8	89,436	113,830
Provisions			
PROVISION FOR LONG SERVICE LEAVE	9	557,549	602,332
		282,504	271,545
<u>TOTAL CURRENT LIABILITIES</u>		<u>840,053</u>	<u>873,877</u>
NON CURRENT LIABILITIES			
Borrowings			
LOANS FROM BRANCHES	10	3,226,849	3,226,849
Provisions			
PROVISION FOR LONG-SERVICE LEAVE	9	3,143,695	3,143,698
		6,370,544	6,370,547
<u>TOTAL LIABILITIES</u>		<u>7,210,597</u>	<u>7,244,424</u>
<u>NET ASSETS</u>		<u>5,633,776</u>	<u>5,241,815</u>
<u>ACCUMULATED FUNDS AT END OF THE YEAR</u>		<u>5,633,776</u>	<u>5,241,815</u>

The accompanying notes form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE, 2010

	<u>NOTE</u>	<u>2010</u>	<u>2009</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
RECEIPTS FROM CUSTOMERS		4,129,512	4,151,311
INTEREST RECEIVED		107,541	120,516
OTHER INCOME		602,041	665,696
LESS PAYMENTS TO SUPPLIERS AND EMPLOYEES		<u>(4,178,488)</u>	<u>(4,495,892)</u>
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	18	<u>660,606</u>	<u>441,631</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
INVESTMENT IN OTHER COMPANIES		(303,000)	-
PROCEEDS FROM SALE OF PLANT & EQUIPMENT		43,636	14,000
PURCHASE OF PLANT & EQUIPMENT		<u>(188,546)</u>	<u>(52,337)</u>
NET CASH FLOW USED IN INVESTING ACTIVITIES		<u>(447,910)</u>	<u>(38,337)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
LOANS TO BRANCHES – (NEW LOANS)- NET OF REPAYMENTS		-	(158,333)
LOANS TO BRANCHES – LOAN REPAYMENTS		<u>100,000</u>	-
NET CASH FLOW PROVIDED BY/ (USED IN) FINANCING ACTIVITIES		<u>100,000</u>	<u>(158,333)</u>
NET INCREASE IN CASH HELD		312,696	244,961
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>1,902,469</u>	<u>1,657,508</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		<u>2,215,165</u>	<u>1,902,469</u>

Note:

The above Statement of Cash Flows by its very nature does not take into account end of year adjustments

The accompanying notes form part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2010

	ACCUMULATED FUNDS
	\$
BALANCE AT 1 JULY 2008	5,125,126
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>116,689</u>
BALANCE AT 30 JUNE 2009	<u>5,241,815</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	391,961
BALANCE AT 30 JUNE 2010	<u><u>5,633,776</u></u>

The accompanying notes form part of these financial statements.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting 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 Fair Work (Registered Organisations) Act 2009 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 Property, 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 the committee members to ensure it is not in excess the recoverable amounts.

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Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. 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 Union 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, which are transferred to the Union 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.

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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 Union 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 Union 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.

(i) 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 Union has not held any financial assets at fair value through profit or loss in the current or comparative financial year.

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(ii) 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.

(iii) 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 Union'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.

(iv) 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.

(v) 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.

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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.

Accrued Annual Leave

The accrual 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 accrual 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 (LSL) 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.

f) 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.

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.

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h) Revenue and Other Income

1. Revenue from the substantiation income from branches which is recognised on a receipt basis by the branches is in turn recognised upon the monthly returns submitted, on an accruals basis.
2. 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.
3. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.
4. 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) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Union during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k) Comparative Figures

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

l) 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 triggers exists, the recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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m) New Accounting Standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Union has decided not to early adopt. A discussion of those future requirements and their impact on the Union is as follows:

• *AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Union has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value
- simplifying the requirements for embedded derivatives
- removing the tainting rules associated with held-to-maturity assets
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

• *AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010)*

These Standards detail numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Union.

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n) Adoption of new and revised accounting standards

During the current year the Union has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of The Australian Workers Union.

AASB 101 Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Union's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement — the statement of comprehensive income, or two statements — a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The trust's Union's statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of “other comprehensive income” which comprises income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

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o) 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.

2. AUDITOR'S REMUNERATION

	2010	2009
	\$	\$
Remuneration of the auditor of the Union for:		
- auditing the financial report	9,000	12,055

3. TRADE AND OTHER RECEIVABLES

	2010	2009
	\$	\$
CURRENT		
Subscriptions receivable	190,237	185,907
Other receivables	18,390	50,658
Total current trade and other receivables	208,627	236,565
Provision for doubtful debts	(50,000)	(50,000)
	158,627	186,565

Current trade receivables are non-interest bearing 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 2010 (2009: 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.

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 Union 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.

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	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)		Within initial trade terms \$
			<30 \$	31-60 \$	
2010					
Subscriptions receivable	190,237	-	-	-	190,237
Other receivables	18,390	-	-	-	18,390
Total	208,627	-	-	-	208,627

	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

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.

b) **Financial Assets classified as loans and receivables**

	2010	2009
	\$	\$
Trade and other Receivables		
— Total Current	58,333	100,000
— Total Non current	-	58,333

c) **Collateral pledged**

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

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4 FINANCIAL ASSETS

	Note	2010 \$	2009 \$
CURRENT			
Investments in listed companies available for sale.	1.2(d)	3,091	3,091
		3,091	3,091
NON-CURRENT			
Other Investments in companies and trusts available for sale.	1.2(d)	368,000	65,000
		368,000	65,000
a) Available-for-sale financial assets comprise:			
CURRENT			
Listed investments, at fair value			
shares in listed corporations at market			
— value		3,720	3,304
Total available-for-sale financial assets		3,720	3,304
NON-CURRENT			
— shares in unlisted corporations at cost		368,000	65,000
Total non-current available for sale financial assets		368,000	65,000

5. PROPERTY, PLANT & EQUIPMENT

	2010 \$	2009 \$
Properties –		
Land and Buildings (at cost)	11,336,132	11,336,132
Less Accumulated Depreciation	(1,759,084)	(1,591,214)
	9,577,048	9,744,918
Motor Vehicles -		
At Cost	252,992	223,516
Less Accumulated Depreciation	(79,072)	(121,074)
	173,920	102,442
Office Furniture and Equipment		
At Cost	357,527	343,984
Less Accumulated Depreciation	(205,507)	(153,226)
	152,020	190,758
Website Development Costs		
At Cost	191,080	161,381
Less Accumulated Depreciation	(98,727)	(70,466)
	92,353	90,915
TOTAL PROPERTY, PLANT & EQUIPMENT	\$ 9,995,341	\$ 10,129,033

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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
At Cost:	\$	\$	\$	\$	\$
Balance at 1 July 2008	9,912,788	140,637	223,555	114,127	10,391,107
Additions	-	23,322	29,014	-	52,336
Disposals	-	(50,648)	(39,226)	-	(89,874)
Write Back	-	37,564	33,709	-	71,273
Depreciation expense	(167,870)	(48,433)	(56,294)	(23,212)	(295,809)
Balance at the 30 June 2009	9,744,918	102,442	190,758	90,915	10,129,033
Additions	-	138,542	20,305	29,700	188,547
Disposals	-	(109,066)	(6,762)	-	(115,828)
Write Back	-	82,095	5,823	-	87,918
Depreciation expense	(167,870)	(40,093)	(58,104)	(28,262)	(294,329)
Carrying amount at 30 June 2010	9,577,048	173,920	152,020	92,353	9,995,341

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The real-estate properties included in the National Office Financial Statements are: (at written down value)

	2010	2009
	\$	\$
157 – 161 Maitland Road, Mayfield	1,317,300	1,349,800
685 Spencer St, West Melbourne	2,327,899	2,392,275
34 Church St, Dubbo	639,730	644,905
2 Napier St, Deakin, ACT	1,388,120	1,402,495
8 – 10 Creedy St, Cairns	74,056	74,576
211 Mulgrave Rd, Cairns	1,269,301	1,279,276
Sturt St, Townsville	498,968	506,337
Macquarie St, Taree	230,700	233,650
9 Murn Crescent, Whyalla Norrie	87,292	89,417
18 Belmore St, Woolongong	902,546	917,262
1/332-334 Main St, Glenorchy	420,073	425,666
4/72 Gheringhap St, Geelong	421,063	429,259
	<u>9,577,048</u>	<u>9,744,918</u>

The properties owned by the National Office are used by the respective Branches primarily as offices. The property situated at 685 Spencer St, West Melbourne has been independently market valued at \$ 4.6 Million.

6. LOANS TO BRANCHES RECEIVABLE

	2010	2009
	\$	\$
CURRENT		
AWU – Newcastle Branch	<u>58,333</u>	100,000
	<u>58,333</u>	<u>100,000</u>
NON-CURRENT		
AWU – Newcastle Branch	-	58,333
	-	<u>58,333</u>

The amount due from AWU-Newcastle Branch is interest free, unsecured and repayable in 7 monthly installments of \$8,333.33 (2009: 19 monthly installments of \$8,333.33).

7. INVESTMENT IN FINANCIAL SERVICES TRUST

	2010	2009
	\$	\$
Financial services trust-At Cost	13,462	13,462
less: Provision for impairment	<u>(13,460)</u>	<u>(13,460)</u>
	<u>2</u>	<u>2</u>

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8. TRADE AND OTHER PAYABLES

	2010	2009
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	347,600	367,400
Sundry payables and accruals	120,513	121,102
Annual Leave Accrued	89,436	113,830
	<u>557,549</u>	<u>602,332</u>

9. PROVISIONS

CURRENT		
Employee Benefits – LSL	<u>282,504</u>	<u>271,545</u>
NON-CURRENT		
Employee Benefits – LSL	<u>3,143,695</u>	<u>3,143,698</u>

10. LOANS FROM BRANCHES (NON CURRENT BORROWINGS)

	2010	2009
	\$	\$
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.

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11. SALARY AND WAGES

a) In accordance with Sub-regulations 107 (a) (XIV) and (XV) of the Fair Work (Registered Organisations) Act 2009, we report that the figure Salaries and Wages in the Income Statement is made up of the following:-

	2010	2009
	\$	\$
Elected Representatives	261,790	207,078
Employees	940,145	1,004,193
	\$1,201,935	\$1,211,271

b) Key Management Personnel Compensation

	Short Term Benefit	Post Employment Benefit	Total
	\$	\$	\$
2010			
Total compensation	261,790	52,798	314,588
2009			
Total compensation	207,078	55,458	262,536

12. INFORMATION TO BE PROVIDED TO MEMBERS OR GENERAL MANAGER

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Div 7-section 274 which reads as follows:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) 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).

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13. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Executive is not aware of any post-balance date events 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 on2010.

14. CAPITAL AND LEASING COMMITMENTS

	2010	2009
	\$	\$
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	148,743	148,743
— between 12 months and five years	408,300	532,028
	557,043	680,771

The property lease is a non-cancellable lease with rent payable monthly in advance. The lease expires on 31 March 2013.

15. CONTINGENT LIABILITIES

There were no contingent liabilities at 30th June 2010.

16. RELATED PARTY TRANSACTIONS

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

	2010	2009
	\$	\$
Income from branches:-		
Subsidy Income	4,129,413	4,151,311
Special Levies	64,832	-
Mailing income AWU Journal	117,056	214,422
	4,311,301	4,365,733
Receivables and payables:-		
Loans receivable from Branches	58,333	158,333
Loan payable to Branches	3,226,849	3,226,849
Liability for long service leave of Branches staff (1.2e)	3,143,695	3,143,698

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2010

17. 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.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2010

18. CASH FLOW INFORMATION

	2010	2009
	\$	\$
Reconciliation of cash flow from operations with net surplus for the year		
Net surplus for the year	391,961	116,689
Non-cash flow items in operating surplus		
Depreciation	294,329	295,809
Net (gain)/ loss on disposal of property, plant and equipment	(15,727)	4,604
Changes in assets and liabilities		
(Increase)/decrease in receivables	23,870	610,550
(Increase)/decrease in other assets	-	-
Increase/(decrease) in payables	(20,389)	(586,021)
Increase/(decrease) in provisions	(13,438)	-
Cash from operations	<u>660,606</u>	<u>441,631</u>

19. OTHER INCOME

	2010	2009
	\$	\$
Other income		
Tuition & Training Courses	400	-
Sponsorship Income	45,000	-
Government Grants received	1,500	-
Training Project Grant	110,560	-
Sundry income	<u>130,595</u>	<u>94,004</u>
Total other income	<u>288,055</u>	<u>94,004</u>

20. UNION INFORMATION

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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

Auditor's Report on the Financial Report

We have audited the accompanying financial report of the Australian Workers' Union National Office which comprises the statement of financial position as at 30 June 2010 and the income statement, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the report by members of the management committee.

Committee's Responsibility for the Financial Report

The management committee of the Union 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 Fair Work (Registered Organisations) Act 2009. 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.

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Chartered Accountants

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under Professional
Standards Legislation

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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

Independence

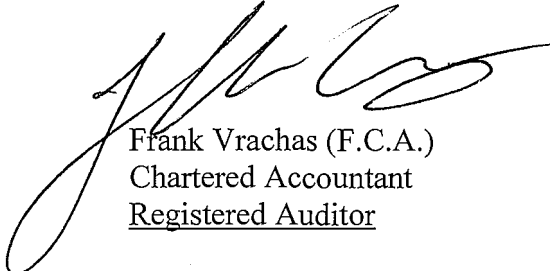
In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion:

1. The Australian Workers' Union National Office has kept satisfactory accounting records, as required by section 252 of the Fair Work (Registered Organisations) Act 2009, 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 Fair Work (Registered Organisations) Act 2009, we state that in our opinion:
 - i) The General Purpose Financial Report is presented fairly in accordance with:
 - (a) The requirements of the Fair Work (Registered Organisations) Act 2009,
 - (b) Applicable Australian Accounting Standards; and
 - (c) Other mandatory professional reporting requirements

ROTHSAY CHARTERED ACCOUNTANTS
Level 1/12 O'Connell Street, Sydney NSW 2000



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

Dated this 19 day of November, 2010.

