



FAIR WORK
AUSTRALIA

22 December 2011

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 2011 (FR2011/2695)**

Thank you for lodging the abovementioned financial statements and accounts which were received by Fair Work Australia on 5 December 2011.

The documents have been filed .

Yours sincerely,

Stephen Kellett

Organisations, Research and Advice Branch

Fair Work Australia

TOGETHER

NATIONAL OFFICE
Level 10, 377-383 Sussex Street
Sydney NSW 2000
T: (02) 8005 3333 F: (02) 8005 3300
W: www.awu.net.au E: members@nat.awu.net.au
Members Hotline 1300 885 653
PAUL HOWES National Secretary



30 November 2011

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**

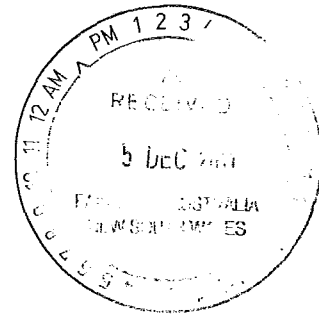
In relation to the annual financial returns to be lodged with Fair Work Australia, please find enclosed the following:

1. The National Secretary's Certificate;
2. A copy of the 2010/2011 National Office Operating Report, Financial Accounts, Statements and Auditor's Report for year ending 30 June 2011.

Yours faithfully,

Paul Howes
NATIONAL SECRETARY

(encl x 2)



TOGETHER

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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 2010/2011 National Office Operating Report, Financial Accounts, Statements and Auditor's Report for the year ending on the 30th of June 2011, that were:

1. At a National Executive meeting held 21 October 2011, the National Executive carried the following resolution:

"This meeting of the National Executive resolves that the accounts are approved for audit, and the Committee of Management Statement be dated and signed."
2. The 2010/2011 National Office Operating Report, Financial Accounts, Statements and Auditor's Report for the year ending on the 30th of June 2011 were signed and dated by the Auditors.
3. The signed and dated audit accounts were made available to the membership in the week commencing 24 October 2011.
4. At a National Executive meeting held 30 November 2011, the National Executive members carried a resolution formally adopting the presented signed 2010/2011 National Office Operating Report, Financial Accounts, Statements and Auditor's Report for the year ending on the 30th of June 2011.

Date: 30 November 2011

A handwritten signature in black ink, appearing to be "Paul Howes". The signature is fluid and cursive, with a long horizontal stroke at the end.

Paul Howes
NATIONAL SECRETARY

THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE)

ABN 28 853 022 982

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2011

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

ANNUAL FINANCIAL REPORT- FOR THE YEAR ENDED 30 JUNE, 2011

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

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2011

Your Committee of Management present this report on The Australian Workers' Union National Office for the financial year ended 30 June 2011.

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	Howes, P	Price S
Boscacci, B	Jeffers, T	Ryan, G
Brown, K	Lamps, P	Swan, B
Collison, R	Leo, F	Wakefield, I
Davis, B	Ludwig, W	Williams, M
Downie, R	McBride, N	Wood, S
Gillespie, A	McDine, S	
Hanson, W	Melhem, C	

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 organisation, during the financial year.

Operating Results

The net surplus for the financial year amounted to \$2,361,570 (2010 - \$391,961).

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 an increase in membership numbers resulted in an increase in subsidy revenue. A marginal increase in overall expenses before significant items indicates that the overall expenses were well controlled. Significant items during the year included those related to the National Conference \$522,971 (2010 - \$Nil) and the reversal adjustment amounting to \$2,000,000, made in respect of long-service leave provisions relating to Branches, which are no longer considered the liabilities of the AWU National Office.

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.

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.

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

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE, 2011

Membership of Superannuation Scheme

Pursuant to section 254 (2)(d) of the Fair Work (Registered Organisations) Act 2009, the following members hold office of directorships in superannuation schemes as stated below:

Bali, S	Chifley Super
Ballin, K	Austsafe Super Fund
Boscacci, B	Austsafe Super Fund
Collison, R	First State Super
Crofts, B	Prime Super
Howes, P	Australian Super
Li, S	Chifley Super
Ludwig, W	Sunsuper Pty Ltd
Mateos, F	Local Super
McDine, S	CBUS (Alternate Director), Australian Super Steel Sub Board
Melhem, C	CBUS
O'Brien, L	Australian Super (Alternate Director)
Ryan, G	Austsafe Super Fund

Number of Members

Number of persons in registers of members: 132,956. (2010 - 129,981)

Number of Employees

Number of employees (equivalent full time): 17 (2010 - 15)

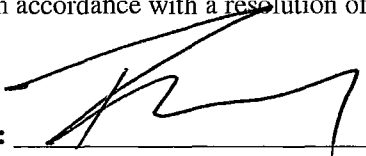
Indemnifying Officers or Auditor


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:  Date: 21/10/2011
Paul A Howes (National Secretary)

Signed:  Date: 21/10/2011
William P Ludwig (President)

**THE AUSTRALIAN WORKERS' UNION
(NATIONAL OFFICE)
ABN 28 853 022 982
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

OPERATING REPORT JULY2010 - JUNE 2011

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: 132,956. (2010-129,981)

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: 131,347. (2010-121,660)

This section of the Operating Report currently contained within the Annual Financial Report for the Year Ended 30 June 2011 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, 2011

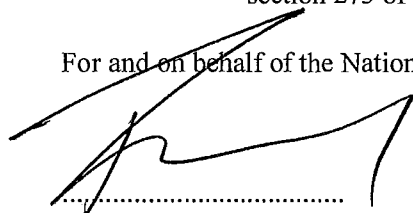
COMMITTEE OF MANAGEMENT REPORT

On 21st October, 2011, the National 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, 2011: -

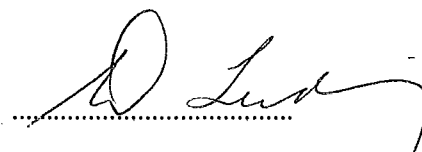
The Executive declares in relation to the General Purpose Financial Report that in its opinion:

- (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
 - (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 National Executive



Paul A Howes



William P Ludwig

SIGNED at Sydney this 21st day of October, 2011.

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

COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2011

	Note	2011 \$	2010 \$
Revenue	2	5,416,218	4,839,641
Employee benefits expense		(1,660,045)	(1,737,771)
Depreciation and amortisation expense	5	(309,837)	(294,329)
Direct membership expenses		(1,555,743)	(1,499,247)
Meetings and conference expense		(567,764)	(29,983)
Operating lease expense		(166,521)	(163,190)
Travel expenses		(469,122)	(351,475)
Other expenses		(325,616)	(371,685)
Profit before Writeback of Long Service Leave Provision		361,570	391,961
Writeback of Long Service Leave Provision	2(B).(b)	2,000,000	-
Profit before income tax		2,361,570	391,961
Income tax expense	1.2(a)	-	-
Profit after income tax		2,361,570	391,961
Other comprehensive income after income tax		-	-
Total comprehensive income for the year, after tax		2,361,570	391,961
Total comprehensive income attributable to the organisation		<u>2,361,570</u>	<u>391,961</u>

The accompanying notes form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE, 2011

	NOTE	2011 \$	2010 \$
ASSETS			
<i>CURRENT ASSETS</i>			
Cash and cash equivalents	1(g)		
Petty Cash		1,000	1,000
Cash At Bank		16,130	414,165
Security Deposit		37,046	-
Term Deposits		2,000,000	1,800,000
		2,054,176	2,215,165
Other financial assets			
Shares In Listed Companies		7,292	3,091
Trade and Other Receivable			
Accounts Receivable	3	302,503	158,627
Sundry Debtors And Prepayments		50,391	45,814
Loans To Branches	6	-	58,333
		352,894	262,774
		2,414,362	2,481,030
<u>TOTAL CURRENT ASSETS</u>			
<i>NON-CURRENT ASSETS</i>			
Other Financial Assets			-
Investment In Non Listed Companies	4	329,818	368,000
Financial Services Trust	7	2	2
		329,820	368,002
Property, plant & equipment			
Properties	5	10,068,602	9,577,048
Office Furniture And Equipment	5	106,489	152,020
Website Development	5	63,201	92,353
Motor Vehicles	5	121,059	173,920
Total Property, Plant And Equipment		10,359,351	9,995,341
<u>TOTAL NON CURRENT ASSETS</u>		10,689,171	10,363,343
<u>TOTAL ASSETS</u>		13,103,533	12,844,373
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
Accounts Payables			
Trade Creditors	8	289,687	347,600
Sundry Creditors & Accruals	8	39,693	120,513
Accrued Annual Leave	8	117,300	89,436
		446,680	557,549
Provisions			
Provision For Long Service Leave	9	194,640	282,504
<u>TOTAL CURRENT LIABILITIES</u>		641,320	840,053
<i>NON-CURRENT LIABILITIES</i>			
Borrowings			
Loans From Branches	10	3,323,172	3,226,849
Provisions			
Provision For Long-Service Leave	9	1,143,695	3,143,695
<u>TOTAL NON-CURRENT LIABILITIES</u>		4,466,867	6,370,544
<u>TOTAL LIABILITIES</u>		5,108,187	7,210,597
<u>NET ASSETS</u>		7,995,346	5,633,776
<u>ACCUMULATED FUNDS AT END OF THE YEAR</u>		7,995,346	5,633,776

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, 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers		4,328,712	4,129,512
Interest Received		148,557	107,541
Other Income		938,949	602,041
Payments To Suppliers And Employees		(5,092,426)	(4,178,488)
Net Cash Flow Provided By Operating Activities	18	323,792	660,606
 CASH FLOWS FROM INVESTING ACTIVITIES			
Investment In Other Companies		33,981	(303,000)
Proceeds From Sale Of Plant & Equipment		13,637	43,636
Purchase Of Property, Plant & Equipment		(687,055)	(188,546)
Net Cash Flow Used In Investing Activities		(639,437)	(447,910)
 CASH FLOWS FROM FINANCING ACTIVITIES			
Loans From Branches		96,323	-
Loans To Branches – Loan Repayments		58,333	100,000
Net Cash Flow Provided By/ (Used In) Financing Activities		154,656	100,000
Net Increase / (Decrease) In Cash Held		(160,989)	312,696
Cash And Cash Equivalents At Beginning Of The Financial Year		2,215,165	1,902,469
Cash And Cash Equivalents At End Of The Financial Year		2,054,176	2,215,165

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 CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2011

	ACCUMULATED FUNDS \$
BALANCE AT 1 JULY 2009	5,241,815
Total Comprehensive Income For The Year	<u>391,961</u>
BALANCE AT 30 JUNE 2010	5,633,776
Total Comprehensive Income For The Year	<u>2,361,570</u>
BALANCE AT 30 JUNE 2011	<u>7,995,346</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, 2011

The financial statements cover The Australian Workers' Union National Office as an individual entity (the organisation). The Australian Workers' Union is an entity established under the provisions of the *Fair Work (Registered Organisations) Act 2009*.

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.

The financial statements were authorized for issue on 21st October, 2011 by the members of the Management Committee of the Organisation.

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.

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.

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, 2011

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.

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 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, 2011

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.

(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.

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, 2011

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.

h) Revenue and Other Income

1. Revenue from the sustentation 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.

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, 2011

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.

m) Key Judgments

(i) *Provision for impairment of receivables*

Included in trade receivables and other receivables at the end of the reporting period are amounts receivable from members in relation to unpaid subscriptions from 2011 amounting to \$284,139 (2010: \$190,237). The committee has received undertakings from the member debtors that such amounts will be paid and therefore no provision for impairment has been made.

(ii) *Available-for-sale investments*

The organisation maintains a portfolio of securities with a carrying value of \$337,110 (2010: \$371,091) at the end of the reporting period. Certain individual investments have declined in value recently by up to 17.6%. The committee does not believe this decline constitutes a significant or prolonged decline below cost at this stage and hence no impairment has been recognised. Should share values decline to a level which is in excess of 25% below cost or should prices remain at levels below cost for a period in excess of 12 months, the committee has determined that such investments will be considered impaired in the future.

n) New Accounting Standards for application in future periods

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

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The organisation has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

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

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- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
 - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
 - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the organisation.

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

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

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

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

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

- AASB 2009-12: Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the organisation.

- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit

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pension plan. This Standard is not expected to impact the organisation.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standard financial statements;
- amending AASB 7 to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- adding sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the organisation.

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the organisation.

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

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the organisation has not yet determined any potential impact on the financial statements from adopting AASB 9.

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

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This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

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

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112. The amendments are not expected to impact the organisation.

- AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time. This Standard is not expected to impact the organisation.

- AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9; and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009-11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7].

This Standard is not expected to impact the organisation.

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.

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<u>2(A). REVENUE AND OTHER INCOME</u>	2011	2010
	\$	\$
Revenue		
Subsidy Income	4,328,712	4,129,413
The Australian Worker Magazine		
– Mailing Income	105,798	117,056
– Advertising Income	105,750	101,000
Other revenue:		
– Directors' Fees	78,953	31,098
– Election Campaign Levy	64,999	64,832
– National Conference – Sponsorship	162,045	-
– Rental Income	56,000	-
– interest received (on financial assets not at fair value through profit or loss)	148,557	107,541
– Other Income	<u>365,404</u>	<u>288,701</u>
Total revenue	<u>5,416,218</u>	<u>4,839,641</u>
<u>2(B). PROFIT FOR THE YEAR-ITEMS REQUIRING DISCLOSURE</u>	2011	2010
	\$	\$
a. Expenses		
Cost of operations include:		
– publication and mailing costs	553,787	577,485
Rental expense on operating leases:		
– minimum lease payments -leases	16,824	16,302
– rental of premises	149,697	146,888
Affiliation fees	477,764	420,105
FairWork Campaign	<u>125,000</u>	-
b. Significant Income not included under 2(A) revenue		
Over provision of long-service leave written back	<u>2,000,000</u>	-
<u>2(C).AUDITORS' REMUNERATION</u>	2011	2010
	\$	\$
Remuneration of the auditor of the Union for:		
– auditing the financial report	<u>12,000</u>	<u>9,000</u>

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3. TRADE AND OTHER RECEIVABLES

	2011	2010
	\$	\$
CURRENT		
Subsidies receivable	284,139	190,237
Other receivables	28,364	18,390
Total current trade and other receivables	312,503	208,627
Provision for doubtful debts	<u>(10,000)</u>	<u>(50,000)</u>
	<u>302,503</u>	<u>158,627</u>

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 2011 (2010: 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.

	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)		Within initial trade terms \$
2011			<30 \$	31-60 \$	
Subsidies receivable	284,139	-	-	-	284,139
Other receivables	28,364	-	-	-	28,364
Total	312,503	-	-	-	312,503

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

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

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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	2011	2010
	\$	\$
Trade and other Receivables		
— Total Current	<u>—</u>	<u>58,333</u>

c) **Collateral pledged**

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

4 FINANCIAL ASSETS

	Note	2011	2010
		\$	\$
CURRENT			
Investments in listed companies available for sale.	1.2(d)	<u>7,292</u>	<u>3,091</u>
		<u><u>7,292</u></u>	<u><u>3,091</u></u>
NON-CURRENT			
Other Investments in companies and trusts available for sale.	1.2(d)	<u>329,818</u>	<u>368,000</u>
		<u><u>329,818</u></u>	<u><u>368,000</u></u>

a)

Available-for-sale financial assets comprise:

CURRENT

Listed investments, at fair value

— shares in listed corporations at market value	<u>8,871</u>	<u>3,720</u>
Total available-for-sale financial assets	<u><u>8,871</u></u>	<u><u>3,720</u></u>

NON-CURRENT

— shares in unlisted corporations at cost	339,818	368,000
Less: Provision in diminishing in value of investment	<u>(10,000)</u>	<u>—</u>

Total non-current available for sale financial assets	<u><u>329,818</u></u>	<u><u>368,000</u></u>
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5. PROPERTY, PLANT & EQUIPMENT

Land and Buildings (at cost)	12,011,022	11,336,132
Less Accumulated Depreciation	(1,942,420)	(1,759,084)
	10,068,602	9,577,048
Motor Vehicles -		
At Cost	192,464	252,992
Less Accumulated Depreciation	(71,405)	(79,072)
	121,059	173,920
Office Furniture and Equipment		
At Cost	369,693	357,527
Less Accumulated Depreciation	(263,204)	(205,507)
	106,489	152,020
Website Development Costs		
At Cost	191,080	191,080
Less Accumulated Depreciation	(127,879)	(98,727)
	63,201	92,353
TOTAL PROPERTY, PLANT & EQUIPMENT	10,359,351	9,995,341

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

At Cost:

	Properties	Motor Vehicles	Office Furniture and Equipment	Website Develop- ment Costs	Total \$
Balance at 1 July 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)
Balance at the 30 June 2010	9,577,048	173,920	152,020	92,353	9,995,341
Additions	674,890	-	12,165	-	687,055
Disposals	-	(60,528)	-	-	(60,528)
Write Back	-	47,320	-	-	47,320
Depreciation expense	(183,336)	(39,653)	(57,696)	(29,152)	(309,837)
Carrying amount at 30 June 2011	10,068,602	121,059	106,489	63,201	10,359,351

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

	2011	2010
	\$	\$
2 Napier St, Deakin, ACT	1,373,745	1,388,120
157 – 161 Maitland Road, Mayfield, NSW	1,284,800	1,317,300
34 Church St, Dubbo, NSW	634,555	639,730
Unit 1 & 3, Victoria Street, Taree, NSW	227,750	230,700
18 Belmore St, Wollongong, NSW	887,831	902,546
8 – 10 Creedy St, Cairns, QLD	73,536	74,056
214 Mulgrave Rd, Cairns,	1,259,326	1,269,301
331 Sturt St, Townsville, QLD	491,598	498,968
9 Murn Crescent, Whyalla Norrie, SA	85,167	87,292
1/332-334 Main St, Glenorchy, TAS	414,480	420,073
685 Spencer St, West Melbourne , VIC	2,263,522	2,327,899
4/72 Gheringhap St, Geelong, VIC	412,869	421,063
4D Caporn Place, Millars Well, Karratha, WA	659,424	-
	<u>10,068,602</u>	<u>9,577,048</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. The Management Committee is of the opinion that no impairment provisions are necessary, as the carrying value of the properties (at cost less depreciation provisions to date), are in excess of the current market values.

6. LOANS TO BRANCHES RECEIVABLE

	2011	2010
	\$	\$
CURRENT		
AWU – Newcastle Branch	-	<u>58,333</u>
	<u>-</u>	<u>58,333</u>

The amount due from AWU-Newcastle Branch is interest free, unsecured and was fully repaid in 2011 (2010: 7 monthly instalments of \$8,333.33).

7. INVESTMENT IN FINANCIAL SERVICES TRUST

	2011	2010
	\$	\$
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	2011
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	289,687	347,600
Sundry payables and accruals	39,693	120,513
Annual Leave Accrued	117,300	89,436
	<u>446,680</u>	<u>557,549</u>

9. PROVISIONS

	2011	2010
	\$	\$
CURRENT		
Employee Benefits – LSL	194,640	282,504
NON-CURRENT		
Employee Benefits – LSL	<u>1,143,695</u>	<u>3,143,695</u>

10. LOANS FROM BRANCHES (NON CURRENT BORROWINGS)

	2011	2010
	\$	\$
AWU New South Wales State Union	1,995,669	1,995,669
AWU Victorian Branch	1,231,180	1,231,180
AWU Western Australia Branch	96,323	-
	<u>3,323,172</u>	<u>3,226,849</u>

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

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:-

	2011	2010
	\$	\$
Elected Representatives	237,212	261,790
Employees	<u>972,449</u>	<u>940,145</u>
	<u>1,209,661</u>	<u>1,201,935</u>

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b) Key Management Personnel Compensation

	Short Term Benefit	Post Employment Benefit	Total
	\$	\$	\$
2011			
Total compensation	<u>237,212</u>	<u>61,930</u>	<u>299,142</u>
2010			
Total compensation	<u>261,790</u>	<u>52,798</u>	<u>314,588</u>

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).

13. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The National 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 AWU National Office for the year under review or in future years. The financial statements were signed by the National Executive on 21 October 2011.

14. CAPITAL AND LEASING COMMITMENTS

	2011	2010
	\$	\$
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	165,549	148,743
— between 12 months and five years	<u>166,852</u>	<u>408,300</u>
	<u>332,401</u>	<u>557,043</u>

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 2011.

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16. RELATED PARTY TRANSACTIONS

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

	2011	2010
	\$	\$
Income from branches:-		
Subsidy Income	4,328,712	4,129,413
Special Levies	64,999	64,832
Rental Income	56,000	-
Mailing income AWU Journal	105,798	117,056
	4,555,509	4,311,301
Receivables and payables:-		
Loans receivable from Branches	-	58,333
Loan payable to Branches	3,323,172	3,226,849
Liability for long service leave of Branches staff (1.2e)	1,143,695	3,143,695

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.

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18. CASH FLOW INFORMATION

	2011	2010
	\$	\$
Reconciliation of cash flow from operations with net surplus for the year		
Net surplus for the year	2,361,570	391,961
Non-cash flow items in operating surplus		
Depreciation	309,837	294,329
Net (gain)/ loss on disposal of property, plant and equipment	(427)	(15,727)
Changes in assets and liabilities		
(Increase)/decrease in receivables	(148,453)	23,870
Decrease in non-current provision	(2,000,000)	-
Decrease in payables	(110,869)	(20,389)
Decrease in provisions	<u>(87,866)</u>	<u>(13,438)</u>
Cash from operations	<u>323,792</u>	<u>660,606</u>

19. OTHER INCOME

	2011	2010
	\$	\$
Other income		
Tuition & Training Courses	3,140	400
Sponsorship Income	60,000	45,000
Government Grants Received	-	1,500
Training Project Grant	36,364	110,560
Sundry income	<u>265,900</u>	<u>130,595</u>
Total other income	<u>365,404</u>	<u>288,055</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 2011 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.

Independence

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

Audit Opinion

In our opinion:

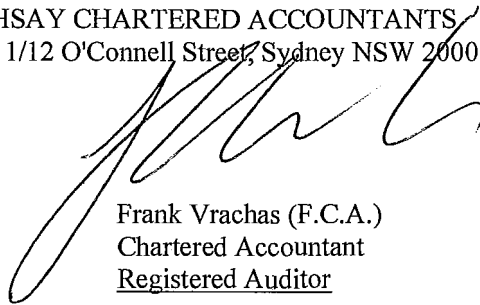
1. The Australian Workers' Union National Office has kept satisfactory accounting records, as required by section 252 of the Fair Work (Registered Organisations) Act 2009, including:
 - a) records of the sources and nature of the income of the National Office (including income from members); and
 - b) records of the nature and purposes of the expenditure of the organisation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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

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, for the year ended 30 June 2011 is presented fairly in accordance with:
 - (a) The requirements of the Fair Work (Registered Organisations) Act 2009,
 - (b) Complying with 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 21st day of October, 2011.